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BRITISH AND CONTINENTAL LABOUR POLICY

British and Continental Labour Policy

THE POLITICAL LABOUR MOVEMENT
AND LABOUR LEGISLATION IN
GREAT BRITAIN, FRANCE, AND THE
SCANDINAVIAN COUNTRIES, 1900-1922

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PREFACE

My original intention when visiting England in 1919 was merely to obtain personal knowledge of political life in this country and of British conditions in general. It was first under discussions with British authorities that I began to think of making a thorough investigation into the Labour problem. I realized that there were important reasons against an undertaking of this kind. First of all, it was clear that a general investigation into modern Labour policy, covering such various fields of knowledge as economics, statistics, history, sociology, ethnology, psychology, constitutional law and parliamentary procedure, civil, criminal, and international law, would necessarily involve a great deal of work and possibly require more time than I was prepared to spare. Moreover, I feared that I might not be in a position to deal with all the different problems with sufficient expert knowledge. On the other hand, it was pointed out to me not only that it would be of interest to the British public to see the views held by an entirely independent onlooker with regard to the various problems British Labour policy has to face to-day, but also that there was an urgent need of a general treatise dealing, within comparatively small compass, with all the principal facts and issues of modern Labour policy. After careful consideration of these circumstances, I decided to take on the work.

If this book may in some measure supply a real desideratum in Labour literature, if it may contribute to the enlightenment of those classes of people who have known only what might be called the caricature of the Labour problem as put forth in propagandist books and pamphlets, and if it may thereby help to remove even to a small degree the spirit of class-feeling—which is so detrimental to all classes of society and so unworthy of civilization—I shall consider my efforts to give a dispassionate account of modern Labour policy as amply rewarded.

The present study has been confined to an examination of the Labour policy of the present century. This limitation was adopted not as a matter of convenience but because the outset of this

PREFACE

century marks the opening of a distinct period in the history of Labour in Great Britain.

To form a clear opinion of the development of modern British Labour policy it is of great importance to study it not merely by itself but in comparison with and in reference to contemporary Labour policy in other countries. For this reason the present study includes also a full account of the modern Labour policy of France and the three Scandinavian countries. British, French, and Scandinavian Labour policy present three distinct and widely different types, a comparison of which is often very instructive.

In order to make this comparison easier I have found it convenient to deal with the general development of the political Labour movement in each country separately, thereby making a survey of the whole movement possible. This general study is contained in the first part (Chapters I-XIX) and Chapter XIX gives a survey of the political Labour movement in all the five countries concerned.

The second part (Chapters XX to XXVI) deals with the special issues of Labour policy, such as the legal position of trade-unions, conciliation and arbitration, unemployment, nationalization, etc. The study of these questions is frequently preceded by a more or less detailed theoretical introduction and concluded by a general survey.

The term Labour policy is here taken in a wide sense, and includes both the policy actually pursued by and with regard to Labour. Factory legislation and the economic Labour movement—i.e. the policy of the trade-unions in relation to the employers—have, however, been considered only in so far as they have had direct political bearing.

The present study is based primarily upon official documents and authoritative expressions of opinion, i.e. the resolutions and reports of the various Labour, Socialist, and Syndicalist parties and associations, trade-unions and trade-union congresses, employers' associations, joint industrial organizations, industrial conferences, commissions and committees, Government reports, parliamentary debates, Acts, Bills, Royal Orders and Decrees, legal decisions, and official journals and publications. Information has been obtained also from the great mass of Labour literature published in the various countries under survey, and by correspondence and conversation with politicians, Labour leaders and employers.

In an Appendix is given a memorandum on the work and organization of the Ministry of Labour, courteously prepared for this book by the Intelligence Department of that Ministry. Similar accounts are given for the other countries dealt with.

PREFACE

I wish to make grateful acknowledgments to all those who have facilitated the preparation of this work by supplying material and information, and I desire to thank especially Professor W. G. S. Adams and Sir Henry Penson for their shrewd advice with regard to the general plan of the work and in matters relating to British conditions.

BO-GABRIEL DE MONTGOMERY.

TABLE OF CONTENTS

CHAPTER	PAGE
PREFACE	V
I SOCIAL AND ECONOMIC CONDITIONS IN FRANCE ...	I
<p>French <i>bourgeoisie</i>. Great number of small independent employers. Agricultural country but showing continuous decrease in numbers of rural population. Number of landowners in excess of number of wage-earners in agriculture. Productive activity of the State. French Concession Laws. Educational standard. Relations between employers and employed. Concentration of Capital. Industrial situation before the War. General outlook of French workmen. Present industrial and financial situation. Improvement of the working-man's standard of living since 1914. Improved relations between masters and men.</p>	
II THE SOCIALIST MOVEMENT IN FRANCE UP TO 1905	II
<p>No political unity among French working-class. Political and economic Labour movements separated. French working-class represented at an early date in Chamber of Deputies. Origin of modern Labour movement in France. Jules Guèsde. Labour Congress of Marseilles, 1879. Congress of Le Havre, 1880. <i>Parti Ouvrier Français</i>, <i>Fédération des Travailleurs Socialistes</i>. Congress held at Châtellerault, 1890. <i>Parti Ouvrier Socialiste Révolutionnaire</i>. <i>Parti Socialiste Révolutionnaire</i>. <i>Confédération des Socialistes Indépendants</i>. Saint-Mandé Programme. <i>Comité de Vigilance</i>. M. Millerand joins <i>bourgeois</i> government. Efforts towards unity among various Socialist parties. Jaurès. Socialist Congress, Paris, 1899. Establishment of a National Socialist Party. General Committee of Party. Dissentions between this Committee and Parliamentary Group. Socialist Congresses, 1900 and 1901. General principles of Socialist Party. Unity shattered. Bi-partition of French Labour movement: Reformists (<i>Parti Socialiste Français</i>) and Revolutionary Socialists (<i>Parti Socialiste de France</i>). Rivalry between these parties.</p>	
III THE SOCIALIST MOVEMENT IN FRANCE, 1905-1920..	24
<p>Initiative of International Congress of Amsterdam, 1904; to bring about unity in French Labour movement. <i>Commission d'Unification</i>. Establishment of <i>Parti Socialiste</i>. Principles of United Party. Continued dissentions between Reformists and Revolutionary Socialists. Socialist representation in Chamber of Deputies. Socialist Party and Clemenceau Cabinet, 1906-1909. Socialist expecta-</p>	

LABOUR POLICY

CHAPTER

PAGE

tions shattered. Strikes suppressed by military. Dis-sensions between Socialists and Radicals. Question of political co-operation with *bourgeois* class. Assassination of Jaurès. Attitude of Socialists during the War. Social-ists join Government. Isolation after the War. Social-ist press. Membership of Socialist Party. Electoral reform, 1919. Failure of Socialist Party at general election, 1919. Socialist representation in Senate. Classification of members of Socialist Group in Parlia-ment according to profession. Organization of Socialist Party. Party programme. Rupture between moderate and extreme Socialists. Establishment of French Com-munist Party, affiliated to Third International. Miller-andism.

IV SYNDICALISM IN FRANCE 43

Confusion as to meaning of Syndicalism. No sharp distinction between French Syndicalists and Socialists. Fundamental difference between Syndicalism and Social-ism. Syndicalism and parliamentary action. Reorgani-zation of syndicates after fall of Commune. Syndicates under influence of Guésdists. Establishment of National Federation of French Syndicates. Congress of Lyons, 1886. Labour Exchanges. *Fédération des Bourses du Travail*. Relations between syndicates and Labour Ex-changes. Dissolution of National Federation. Estab-lishment of *Confédération Générale du Travail*. Relations to *Fédération des Bourses du Travail*. Policy of Confed-eration. Reformists and Revolutionary Syndicalists. Congress of Amiens, 1906. General principles of Con-federation. Relations between Socialists and Syndical-ists. Confederation declares its independence of all political parties. Political programme of C.G.T. Il-logical position of French Syndicalists as to parliamentary measures. Congress of Lyons, 1919. New programme. Syndicalist organization. Decentralization. General strike, 1920. Attitude of Government and public as to strike. General strike a failure. Its lessons. Member-ship of C.G.T. reduced by half after strike. Congress of Orléans, 1920, opposed to Third International. Action brought by Government against C.G.T. Its dissolution ordered. Reconstruction of C.G.T. Congress of Lille, 1921, favours old programme. Rupture between moder-ates and extremists. Establishment of C.G.T.U., affilia-ted to Third International. Conclusions.

V SOCIAL AND ECONOMIC CONDITIONS IN SWEDEN .. 64

Agricultural and industrial population. Independent peasant-class. Parliamentary representation of working-class. Great political influence of peasant-class. Distri-bution of wealth and land. Extension of State-owner-ship in industry. Industrial combines. Standard of living of Swedish workers. Their character and general outlook.

VI THE POLITICAL LABOUR MOVEMENT IN SWEDEN.. 70

Growth of modern Labour movement. Trade-union organization the framework of Labour representation.

TABLE OF CONTENTS

CHAPTER

PAGE

Central Committee of Trade Unions. Socialist press. Establishment of Swedish Social Democratic Labour Party. National Confederation of Trade Unions. Influence of Inter-Scandinavian Labour Congresses on trade-union movement. Relation between political and economic Labour movements. Political movement controls the economic movement. Organization of Social Democratic Labour Party; its programme. Problem of political representation. Political strike, 1902. Electoral reform, 1907-1909. General election, 1911. Success of Socialists. Demands for new electoral reforms. General election, 1917. Social Democratic Labour Party strongest party in Lower Chamber. Liberal Socialist Cabinet. Women's suffrage. Electoral reforms, 1918 and 1921. Election to Upper Chamber, 1919. Socialists the strongest party in both Chambers. Socialist Cabinet. Committee on nationalization. General election, 1920. Resignation of Socialist Cabinet. General election, 1921. Socialist Cabinet again in power. Revised programme of Social Democratic Labour Party. Agricultural questions. "Question of violence." Young Socialist movement. Rupture between Majority Socialists and Young Socialists. Establishment of Left Social Democratic Party. Party programme. Rupture between Left Socialists and Communists. Establishment of Communist Party. New Young Socialist movement. Syndicalist movement; organization and object. Central Federation of Workmen. Swedish and French Syndicalism compared.

VII THE GENERAL STRIKES IN SWEDEN..... 92

Organization of Swedish trade-union movement. Organization of employers. Relations between employers and workers. Collective agreements, their character and extension. Idea of general strike. General political strike, 1902. Political strike-movement continued. General economic strike, 1909; its original causes and political importance; Government attitude; press stoppage; position of railway servants; efforts towards settlement; "cleavage" of strike and failure; general consequences.

VIII THE POLITICAL LABOUR MOVEMENT IN NORWAY.. 110

Social and economic conditions. Distribution of population in town and country. Manufacturing industry in country. Development of Norwegian industry. Importance of water-power. First attempts to organize Norwegian working-men. Origin of trade-union movement. Labour Party. National Confederation of Trade Unions. Relation between political and economic Labour movements. Franchise question. Representation of Labour Party in Storting. Women's suffrage. Electoral system of Norway. Inadequate representation of minorities. Labour and the electoral system. Programme of Labour Party; general principles, municipal programme, nationalization, land-reform. Socialist press. Young Socialist Federation. Syndicalist movement. Revolutionary Socialism. Rupture between Social Democrats and Communists. Affiliation of Labour Party to Third International. Secession of moderate Socialists and establishment of Social Democratic Party.

LABOUR POLICY

CHAPTER

PAGE

IX THE POLITICAL LABOUR MOVEMENT IN DENMARK. 125

Social and economic conditions. Distribution of land. Early development of Danish Labour movement from its beginning under Socialist influence. Working Men's International Federation. Social Democratic Party. Its organization. Relation between political and economic Labour movements. National Confederation of Trade Unions. Socialist representation in Diet. Early universal suffrage. Co-operation between Socialists and Radicals. Suffrage question. Socialist press. Electoral reform, 1915. General election, 1918. Equitable representation of working-class. Political events, 1920. Slesvig question. General political and economic strike. Results of strike. General elections, 1920. Programme of Social Democratic Party; political and economic demands. Syndicalism and Bolshevism. Prevalence of Liberalism.

X THE INTER-SCANDINAVIAN LABOUR MOVEMENT. 141

Great influence of inter-Scandinavian Labour movement upon Labour policy in Scandinavian countries. Congress of Gothenburg, 1886. Declaration in favour of nationalization. Congress of Stockholm, 1897. Initiative in forming central trade-union organizations in Scandinavian countries. Congresses of 1901, 1907, 1912, and 1920. Attitude towards nationalization and industrial democracy. Revolutionary Socialists. Congress of Stockholm, 1919.

XI SOCIAL AND ECONOMIC CONDITIONS IN GT. BRITAIN 147

1.—HISTORICAL SURVEY.

Great Britain a pronouncedly industrial country, but social inequality to-day largely due to uneven distribution of land for centuries. Darkest period in social history of England coincided with a period of unparalleled economic development. Social reforms under influence of Liberal ideas. Economic development continued. Workmen's real wages doubled in fifty years. Quantitative theory of labour supported by experience. Evils of the Capitalist system.

2.—SOCIAL CONDITIONS.

British middle-class too heterogeneous to be regarded as an independent social class. Class-building. "Aristocracy" and "lower orders" among the working-classes. Working-classes more numerous in Great Britain than in the other countries under survey. Insignificant size of class of small employers. Character of British working-man. The land-question. Distribution of land and wealth in Great Britain as compared with the distribution in France and Scandinavian countries. Wages and prices in Great Britain and Scandinavian countries. Comparison between economic standards of British and Scandinavian workers. British workers before the War better off than Scandinavian workers. Workmen's standard of living improved since 1914.

TABLE OF CONTENTS

CHAPTER

PAGE

3.—ECONOMIC CONDITIONS.

Reaction of individual and financial fluctuations in the world-market upon living conditions of British working-classes. Development of British industry in 19th century. Industrial supremacy in world-market. Free Trade. German and American competition. Supremacy gradually lost. Trade-depression. Commission on Depression of Trade, 1885. "Made in Germany." Dumping and Free Trade. Influence of depression upon relations between employers and employed. Industrial situation after the War. Protection of key-industries. Economic development goes hand in hand with political power and influence. Future industrial prospects. Labour's great responsibility.

XII SOCIALISM IN GREAT BRITAIN..... 164

1.—INTRODUCTION.

Liberal Trade Unionism deeply rooted in mind of British workers, but industrial depression, strikes, and unemployment prepared the way for Socialism. Foreign influence. Socialist organization in United Kingdom. Two main groups.

2.—THE SOCIAL DEMOCRATIC FEDERATION.

Foundation, programme, organization, political activity, influence. Formation of National Socialist Party. New Social Democratic Federation; general principles; opposition to Bolshevik movement.

3.—THE INDEPENDENT LABOUR PARTY.

Foundation, programme, and organization. Ideas of social reconstruction. Relations to Social Democratic Federation. Relations to Labour Party. Growth of membership. Decline during the War. Recent development. National Labour Press. Representation in Parliament. General principles. Attitude to Third International.

4.—THE FABIAN SOCIETY.

Foundation, programme, methods. Fabian Socialism. Disagreement with Marxian Socialism. Quality of Fabian research.

5.—THE COMMUNIST PARTY OF GREAT BRITAIN.

British Socialist Party; foundation, policy and development. Establishment of Communist Party, affiliated to Third International. Refusal of Labour Party to accept affiliation of the Communist Party. Conclusions.

XIII SYNDICALISM AND TRADE UNIONISM IN GT. BRITAIN 186

1.—SYNDICALIST INFLUENCE UPON THE TRADE-UNION MOVEMENT.

British Syndicalism a type of its own. Principles of British and French Syndicalism compared. Strike-movement in Great Britain under Syndicalist influence. Direct action. Triple Industrial Alliance; its organization and object. Theory of counter direct action. Threat of general strike. Unpopularity of Parliamentary Committee of Trade Union Congress. Efforts to increase efficiency of trade-union organization. Establishment and organization of General Council of Trade Union Congress. Co-operative societies and strikes. Attitude of British workers towards idea of general strike.

- 2.—SOCIALIST LABOUR PARTY OF GREAT BRITAIN.
Foundation, object, and general principles. Influence of American Industrial Unionism. Revolutionary attitude. Opposition to questions of social reform on the ground that they are only different aspects of the fundamental relations between Capital and Labour. Organization of strikes during the War.
- 3.—GUILD SOCIALISM.
National Guild movement; origin and theory. Syndicalist opposition to Guild Socialism. Guild Socialist influence upon French Syndicalists. Theory of Guild Socialism essentially socialist but its practical application has developed on syndicalistic lines. Shop-steward movement. Guild Socialist experiments in building-trade. Conclusions.

XIV LABOUR REPRESENTATION IN GREAT BRITAIN UP TO 1907 201

Trade Union Congress, 1899, and Labour representation. Committee on Labour representation. Special Conference on Labour representation, 1900. Definition of Labour Member. Class-war resolution rejected. Establishment of Labour Representation Committee; its organization and object. General election, 1900. Taff Vale decision. Socialistic tendencies of L.R.C. Nationalization of industries declared to be its ultimate aim. Rupture with Social Democratic Federation. Policy of L.R.C. Aggressive attitude of trade-unions towards Conservative Government. Improved financial position of L.R.C. Struggle to be independent of other political parties. Labour M.P.s' pledge of loyalty to "constitution" of L.R.C. Difficulties of lack of independent programme. Reaction among trade-unions against increasing influence of Socialists. Resignation of Balfour Cabinet. General election, 1906. Creation of Labour Party. Election manifestoes of Labour Representation Committee, Independent Labour Party, Social Democratic Federation, Parliamentary Committee of Trade Union Congress. Salary of Labour M.P.'s. Labour Members not bound by resolutions of Party Conferences. General Federation of Trade Unions. Political co-operation between Labour Representation Committee, Parliamentary Committee of Trade Union Congress, and Management Committee of General Federation. Establishment of National Labour Advisory Board (Joint Board).

XV LEGAL POSITION OF THE BRITISH TRADE-UNIONS WITH REGARD TO PARLIAMENTARY ACTION . 218

Osborne case. Registrar of Friendly Societies disallows Labour representation as object of a trade-union. Definition of trade-union in Acts of 1871 and 1876. Trade-union opposition to Registrar's decision. Registrar's model for trade-unions. Osborne v. Amalgamated Society of Railway Servants. Decisions of: King's Bench Division, Court of Appeal, House of Lords. Documents governing their decisions. Question of civil law. Question of constitutional law. Compulsory levy on members of trade-unions for purpose of organizing Labour representation declared illegal. Efforts of

TABLE OF CONTENTS

CHAPTER

PAGE

Labour Party for reversal of decision. Some objectionable clauses removed from "constitution" of Labour Party. Payment of M.P.'s. Trade Union Act, 1913. Comparison of trade-union situation before and after Osborne judgment, when constitution of Labour Party was changed, and after passing of Trade Union Act.

XVI THE BRITISH LABOUR PARTY AND PARLIAMENTARY REFORMS

233

Labour and Liberal policy as to parliamentary reforms developed hand in hand. Reforms proposed by Labour in 1910: registration, franchise, method of election, organization of Parliament. Demands of Labour largely met. Representation of the People Act, 1918. Women's Enfranchisement. Royal Commission on Electoral Systems, 1910. Alternative vote. Labour Party and reforms of electoral system. Working of electoral system of 1918, as shown by result of general election. Defects of the system.

XVII LABOUR REPRESENTATION IN ENGLAND, 1907-1913

244

✓ Labour Party a class-party. Alleged dilemma of Labour leaders. Liberals woo Labour Party. Tranquillizing influence of atmosphere in Parliament upon Labour members, many of whom were held in high esteem in House of Commons. Tendency towards *rapprochement* between Liberals and Labour. Miners' Federation and Amalgamated Society of Railway Servants join Labour Party. Appointment by Labour Party of a parliamentary election agent. General elections, 1910. Parliament Act, 1911. Labour and House of Lords. Joint Board; its constitution and functions. Exclusion of Management Committee from Joint Board. Distribution of work between Executive of Labour Party and Parliamentary Committee of Trade Union Congress. Political activity of Co-operative movement. Labour press. Parliamentary Party and Labour movement outside Parliament. Criticism of co-operation with Liberal Party. Labour Party declares in favour of nationalization of land and industrial capital. Question of a Labour programme.

XVIII LABOUR REPRESENTATION IN ENGLAND, 1914-1920

257

✓ Labour accepts invitation to join Mr. Asquith's Coalition Government. Opposition to this policy among Independent Labour Party. Mr. Asquith resigns and is succeeded by Mr. Lloyd George. Government powers concentrated: formation of War Cabinet. Labour's continued support of Coalition. Mr. Henderson member of War Cabinet. New Premier outlines policy in spirit of Labour Party. Mr. Henderson's mission to Russia; proposed restatement of War aims. His resignation. Passports refused to delegates to International Labour Conference at Stockholm. Opposition to Government policy. Reorganization of Joint Board. Affiliation of British Socialist Party and National Socialist Party to Labour Party. Co-operative movement and political action. Definite Party pro-

gramme. Brain-workers urged to join the Party; its national, inter-dominion, and international objects. "Labour and the New Social Order." Universal enforcement of the minimum-wage. Democratic control of industry. Revolution in national finance. Surplus wealth for the common good. "Labour's Call to the People." Attempts to establish Trade Union Labour Party. The "conspiracy" suppressed. Labour's decision to leave Coalition on conclusion of Armistice. Four Labour Members of Government refused to withdraw from office. General election, 1918. Labour miscalculated its own strength. The election a failure from Party point of view. Is Labour fit to govern?

XIX THE POLITICAL LABOUR MOVEMENT IN GT. BRITAIN, FRANCE, AND THE SCANDINAVIAN COUNTRIES

274

1.—GENERAL TENDENCIES.

Centralization of the political Labour movements in Great Britain, France, and the Scandinavian countries. Simultaneous development of Labour organization in these countries. Increasingly difficult industrial situation one of the main forces which produce this movement. Slackening influence of Liberalism. Change in general outlook and character of Labour movement. Increase of power always the dominating object of modern Labour movement. Its success. Sources of danger. American opinion of British Socialism. Scientific Management *versus* ca'canny methods. Outlook of French and British workers. British industries handicapped in foreign competition by policy of ca'canny among the workers. International and national tendencies of modern Labour movement

2.—THE INTERNATIONAL MOVEMENT.

Majority of Labour and Socialist parties affiliated to Second International. Comparison between leading principles of Second and Third Internationals. Social Democrats believe in gradual development, and oppose violent measures and tendency to convert industrial strike into political revolution. Their position with regard to land-question, and brain-workers. The Social Democrats and political franchise. Communists seek to establish new social order by violent and illegal measures. Iron discipline. Dictatorship of the proletariat. Constitution of Russian Soviet Republic. Communism a product of a reactionary movement in an uncivilized country. Working-classes duped by Bolsheviks, generally of low intellectual standard. Greatest influence of Bolshevism in countries where parliamentary representation of workers has made little progress. Influence of Guild Socialism upon international Labour movement.

3.—NATIONAL CHARACTERISTICS OF THE POLITICAL LABOUR MOVEMENTS IN THE VARIOUS COUNTRIES UNDER SURVEY.

Mentality of working-classes explains largely characteristics of Labour movements in various countries. Mentality of French and Scandinavian workers. Mentality of British workers. General characteristics of modern Labour movement in France, in Sweden and Denmark,

TABLE OF CONTENTS

CHAPTER

PAGE

in Norway, in Great Britain. Attitude of British workers towards Socialism. Liberal Trade Unionism mixed with Marxian Socialism. Breach with Marxian Socialism made by British Socialist School. Influence of British Socialism in other countries. Peculiar type of French Labour movement largely due to industrial situation. Decentralization of industries explains tendency of Labour movement towards decentralization. Mutual influence of British and French Labour movements. Great Britain has suffered, whereas France has profited, by the inter-course. Direct action and general strikes. Threat of strike often more effective than a strike fought out. Examples. Tendency of modern Socialism towards democratization. Middle-class and intellectual influence upon Socialist movement. Attitude of Socialists in responsible positions. Swedish Socialist Government. Problem of nationalization and Socialist representation in Parliament. Situation in France and the Scandinavian countries; in Great Britain. Reasons why large British working-class has not returned majority to Parliament. Social system of Great Britain. Reaction against Socialism. High efficiency of production and maintenance of output in proportion to increase of population are the most important tasks workers have to face to-day. Adequate parliamentary representation will safeguard their interests sufficiently even under a system of private ownership and individual freedom.

XX THE LEGAL POSITION OF TRADE UNIONS..... 288

1.—FRANCE.

French Combination Laws. Their repeal. Professional Syndicates Acts, 1864 and 1884. Questions of legal enforceability of collective agreements. Memorandum of *Société d'Etudes Législatives*. Report, 1907, of Standing Commission on Labour. Government Bill on collective agreements, 1913; unsuccessful. Collective Agreements Act, 1919. Professional Syndicates Act, 1920. Combining amongst State-employees unlawful. Action against C.G.T. for organizing such combines. Collective agreements legally enforceable; full civil rights of syndicates.

2.—SWEDEN.

Distinction between economic and "ideal" associations. A trade-union an ideal association. Trade-union law badly-defined up to 1915. Committee, 1899, to inquire into legal position of ideal associations. Agreements between economic and ideal associations. Government Bill on collective agreements, 1911; unsuccessful. *Revingelinjen*. Decisions of Supreme Court of Justice, 1915, defining legal position of trade-unions. Collective agreements legally binding. Trade Disputes Act, 1920. *Åkarpsslagen*.

3.—NORWAY.

Report of Departmental Committee on Arbitration, 1909. Legal position of Norwegian trade-unions according to Committee. Trade Disputes Act, 1915. Collective agreements legally binding.

LABOUR POLICY

CHAPTER

PAGE

4.—DENMARK.

Legal position of Danish trade-unions before 1910. Limitations on enforceability of collective agreements. Court of Arbitration Act, 1910. Trade-unions legally responsible for own acts and in certain cases for acts of members.

5.—GREAT BRITAIN.

Repeal of Combination Laws. Legal recognition of trade-unions. Taff Vale dispute. Taff Vale decision ; consequences. Labour efforts for legal reversal of decision. Government policy. Royal Commission on trade-disputes. Refusal of Labour to give evidence before Commission. Trade Unions and Trade Disputes Bills. Attitude of new Liberal Cabinet towards trade-disputes legislation. Report of Royal Commission. Progress of Trade Disputes Bills. Trade Disputes Act, 1906. Interpretation of the Act. Development of legal position of trade-unions, 1871-1906. Characteristics of British trade-union law.

6.—GENERAL SURVEY.

Comparison between British, French, and Scandinavian trade-union legislation. General conclusions.

XXI CONCILIATION AND ARBITRATION 320

1.—INTRODUCTION.

Definitions of arbitration and conciliation.

2.—FRANCE.

Compulsory methods. Employers' refusal to recognize workers' syndicates. Attempts to improve relations between masters and men. Conciliation and Arbitration Act, 1892. Agitation for compulsory conciliation and arbitration. Decree, 1900, and Act, 1908, providing for establishment of Councils of Labour. Decree, 1909, directing Councils to give advice in trade-disputes. Compulsory conciliation and arbitration during War. Power of Government to requisition establishments and mobilize workers. M. Millerand and compulsory arbitration. Conciliation and Arbitration Bill, 1920. Prohibition of strikes where detrimental to the people ; punishment of strike-leaders. Opposition of workers and employers to settlement of trade-disputes by compulsory measures.

3.—SWEDEN.

Collective agreements in general. Conciliation and Arbitration Act, 1906. Voluntary conciliation and arbitration. Government Bill, 1911, providing for compulsory conciliation ; unsuccessful. Court of Arbitration Bill, 1911 ; unsuccessful. Report of Social Board, 1916, on conciliation and arbitration. Conciliation Act, 1920 ; Arbitration Act, 1920.

4.—NORWAY.

Conciliation and Arbitration Bill, 1915 ; provisions for compulsory arbitration. Strong Labour opposition. Threat of general strike. Government removes provisions as to compulsory arbitration. Conciliation and Arbitra-

TABLE OF CONTENTS

CHAPTER

PAGE

tion Act, 1915. Establishment of Permanent Arbitration Court to decide on interpretation or non-fulfilment of collective agreements. Procedure of conciliation. Compulsory Arbitration Act, 1916, stipulating for compulsory arbitration in all disputes involving serious danger to the community. Repeal of Act, 1921.

5.—DENMARK.

Court of Arbitration Act, 1910. The Court a law-court with authority to decide on interpretation or non-fulfilment of collective agreements. Other disputes to be brought before the Court if both parties agree. Conciliation Act, 1910. Compulsory conciliation.

6.—GREAT BRITAIN.

Conciliation and arbitration during the 18th and 19th centuries. Provisions of Conciliation Act, 1896. Organized Labour and compulsory arbitration. Proposed Court of Inquiry. Trade-union Committee on conciliation and arbitration. Compulsory Arbitration Bill, 1911. Court of Arbitration. Report of Industrial Council, 1913. Extension of collective agreements. Provisions by Munitions of War Act, 1917, for extension of agreements. Committee of Production; advisory body; authority to act as Arbitration Tribunal; representation of employers and workers on the Committee. Treasury Agreement providing for arbitration in default of agreement. Compulsory arbitration in war industries. Special arbitration-tribunals dealing with disputes in such industries. Strikes not abolished wholly. Wages Temporary Regulation Act, 1918. Compulsory arbitration in war industries maintained as regards certain matters during first peace-period. Report of Whitley Committee on Conciliation and Arbitration. Industrial Courts Act, 1919. Authority of Industrial Court. Voluntary Arbitration. Courts of Inquiry. Restoration of pre-War practices. Trade-union discipline.

7.—GENERAL SURVEY.

No permanent system of compulsory arbitration except in Norway in respect of disputes arising out of interpretation of collective agreements. Temporary systems of compulsory arbitration during the War in Great Britain, France, and Norway. Other compulsory measures. Prevailing methods for settling trade-disputes: Great Britain—voluntary quasi-arbitration combined with semi-voluntary conciliation: France and Sweden—voluntary arbitration and voluntary conciliation; compulsory arbitration in legal disputes and compulsory conciliation in important trade-disputes likely to be introduced in France: Denmark—system of combined voluntary arbitration and compulsory conciliation for important disputes; for other disputes, voluntary arbitration or conciliation: Norway—voluntary arbitration or conciliation for ordinary disputes, compulsory arbitration for legal disputes. General conclusions.

XXII MINIMUM WAGE 353

I.—INTRODUCTORY NOTES.

The minimum-wage and trade-agreements. Reasons for State-interference.

2.—FRANCE.

Proposals to fix by law minimum-rates for "sweated" industries and normal rates for all trades. Millerand Decree, 1899, providing that workers under public contract be paid normal wages equal to current district wages. Minimum Wage Act, 1915, applies to female out-workers only. Minimum wages fixed by Labour Councils, or by Wages Committees set up for the purpose. Central Wages Commission.

3.—NORWAY.

Minimum Wage Act, 1918. Applies chiefly to out-workers. Temporary minimum-wages for commercial employees who are paid less well. Outwork Board and Trade Boards. Organization and functions of these bodies. Power of Outwork Board to fix minimum-rates of wages for work carried on in factories and workshops if rates fixed for out-workers reduce demand for factory labour.

4.—GREAT BRITAIN.

Chief characteristics of minimum-wage movement. Anti-sweating campaign. Trade Union efforts for establishment of minimum-wages. Select Committee on Home Work, 1908. Trade Boards Act, 1909. Functions of Trade Boards. Trade Committees. Favourable reception of the Act by working-classes. Coal Mines (Minimum Wage) Act, 1912. Recognition of principle of minimum-wages in general. Trade Boards Act, 1918. Guaranteed time-rate. Overtime rate. Objections against general minimum-wage. Tendency of minimum-wage to become maximum-wage. Joint Committee of Industrial Conference, 1919, in favour of minimum time-rate of universal applicability. Minimum Rates of Wages Commission proposed. Extension of Trade Boards Acts. The Cave Committee appointed. Report of Committee, 1922. Conclusions.

5.—GENERAL SURVEY.

Great Britain has led the way in minimum-wage legislation. Comparison between British, French, and Norwegian Minimum Wage Laws. General conclusions.

XXIII LEGAL REGULATION OF THE HOURS OF LABOUR .. 371

1.—FRANCE.

Regulations of working-time up to 1913. Establishment of mines' eight-hours and general ten hours working-day. Socialist scheme for legal eight-hours day rejected by Parliament, 1912. Commission on International Labour Legislation attached to Peace Conference reported in favour of general eight-hours day. Eight Hours Act, 1919. No reduction of weekly pay. Mines Regulation Act, 1919. Sailors' eight-hours day.

2.—SWEDEN.

Regulation of working-time up to 1919. Investigation into question of a legal eight-hours day. Decrease in production foretold. Eight Hours Act, 1919. Regulations of working-time on board ship. Considerable decrease in production follows eight-hours day.

TABLE OF CONTENTS

CHAPTER

PAGE

3.—NORWAY.

Committee, 1918, to inquire into question of a legal forty-eight-hours week. General forty-eight-hours week secured by agreement between national organizations of employers and workers, 1919. Forty-eight-hours week established by law from January 1st, 1920.

4.—DENMARK.

General eight-hours-day not established by law but by agreement between national organizations of employers and workers. Provisions of agreement. Prospects of legal regulations. General conclusions as to legal limitation of working-time.

5.—GREAT BRITAIN.

Regulation of working-time in coal-mining industry. Coal Mines Regulation Act, 1908; eight-hours working-day in mines. Coal Mines Act, 1919; seven-hours working-day. Influence of Trade Boards upon working-time by their power to fix overtime rate. Shop Acts, 1912 and 1913. Agricultural Wages Boards, by Corn Production Act, 1917, had power to fix differential rates in case of overtime work, and to decide what is an ordinary day's work. Trade-union campaign for general eight-hours day. Joint Committee of Industrial Conference, 1919, on question of working-hours. Committee in favour of general forty-eight-hours week. Exemptions. Memorandum of Labour representatives. General adoption of eight-hours day.

6.—GENERAL SURVEY.

Eight-hours working-day established by legal enactment in France, Sweden, and Norway; and in Great Britain and Denmark by voluntary agreements. Washington International Labour Conference, 1919, on legal limitation of hours of work. Draft Convention. Convention adopted by none of the countries under survey. Adequate system of legislation with regard to maximum working-time. Eight-hours day and general trade-depression. Decrease of output. Legal limitation of working-time a social as well as an economic problem. General conclusions.

XXIV UNEMPLOYMENT 391

1.—INTRODUCTION.

Meaning of "unemployment." Two distinct problems. State-intervention. Value of relief-works depends on which kind of unemployment they seek to remedy. Co-operation essential between Labour Exchanges and authorities organizing relief-works.

2.—FRANCE.

France exposed to cyclical unemployment less than Great Britain. Unemployment in France mostly of seasonal character. Private profit-making Employment Offices. This system stopped, 1904, when municipal authorities entrusted with establishment of Employment Offices. Such Offices also established by employers and workers. System decentralized and inefficient. Establishment of

Central Employment Exchange at beginning of War. National Agricultural Labour Office. Central Employment Office under control of National Council of Manual Labour. Regional, departmental, and municipal Employment Exchanges: no concern with unemployment benefit, which is paid through Poor Law authorities. Unpopularity of relief-work for unemployed workers. Regulations as to immigration of alien workers. Extension of unemployment. Unemployment insurance. Establishment of National Unemployment Fund, 1914. Extent of unemployment relief paid by Government. Why France at present suffers comparatively little from unemployment.

3.—SWEDEN.

Under normal conditions unemployment chiefly seasonal in character. Unemployment in winter partly prevented by special industries. A Labour Exchange in Stockholm existed as early as 1732. Private Employment Offices. Establishment of public Employment Offices to meet needs of modern industry. Government control. No permanent system of unemployment insurance. Unemployment donation during War. Employment and Relief Committees. Royal Commission on Unemployment. Unemployment policy of Government after War. Extension of unemployment. Public relief-works. Trade-unions and unemployment problem.

4.—NORWAY.

Seasonal unemployment. Employment Offices Act, 1906. Private unemployment insurance. Unemployment Insurance Act, 1906. State-subsidies. Unemployment Insurance Acts, 1915 and 1918. Conditions of State-subvention to Unemployment Societies. Extension of unemployment. Public relief-works. Extent of unemployment relief voted by the Storting. Part-time employment.

5.—DENMARK.

Seasonal unemployment. Employment Offices Act, 1913. Most workmen find employment through the agency of trade-unions. Boycott of workmen accepting employment in trades other than their own. Question of relief-works. State-subvention of Unemployment Societies since 1907. Inspector of Unemployment. Central Assembly of Unemployment Societies. Criticism of relief-system. Extension of unemployment. Unemployment Insurance Act, 1919. Extent of unemployment relief paid by Government. Unemployment Act, 1921. Present system of unemployment relief.

6.—GREAT BRITAIN.

Question of preventing foreign Labour from competing in England at low wages. Attitude of Mr. Balfour's Government towards alien Labour. Special Labour Conference on Unemployment, 1905. Aliens Act, 1905. Distribution of Labour. Labour Bureaux (London) Act, 1902. Unemployed Workmen Bill, 1905. Provisions for setting up local and central Distress Committees for assisting workers to obtain employment. Labour demands inclusion of provisions for relief-works. Mr. Lloyd George's criticism

TABLE OF CONTENTS

CHAPTER

PAGE

of Bill. Labour deputation in conference with the Government. Act of 1905. No provisions for public works except as regards farm-colonies. Parliament opposed to relief-works. Labour Exchanges Act, 1909, provided for establishment of a national, free, and voluntary system of Labour Exchanges. Placing of workers, and administration of unemployment insurance and of temporary schemes of out-of-work donation entrusted to Labour Exchanges. Local Employment Committees. Poor Law Commission recommended discontinuance of Unemployed Workmen Act. Minority of Commission, representing Labour opinion, defended the Act and demanded its continuance. National Insurance Act, 1911, providing *inter alia* for compulsory unemployment insurance based upon contributions paid by State, employers, and workers. Unemployment during War. Joint Labour Committee on Labour problems after War. Government unemployment scheme. Proclamation of Minister of Munitions, November 13th, 1918. Labour criticism of Government policy. Public and private enterprise. Unemployment Insurance Act, 1920. Relief Works Act, 1920. Lord St. Davids' Committee. Part-time employment. Unemployment Insurance Acts, 1921. Unemployed Workers Dependants' Act, 1921. Unemployment Insurance Act, 1922. Extent of unemployment relief paid in 1921. Unemployment insurance organized by industries. General conclusions.

7.—GENERAL SURVEY.

Comparison of the situations with regard to unemployment in Great Britain, France, and the Scandinavian countries. Systems for dealing with unemployment based upon very much the same principles in all these countries. International Convention on unemployment. Organization of public relief-works. Danger of disturbing the economic equilibrium. Criticism of relief-work system. Criticism of unemployment insurance systems. Proposed system of insurance. The present situation. Danger of using depreciation of currency as remedy against unemployment. Reduction of working-time no remedy against unemployment. General conclusions.

XXV JOINT INDUSTRIAL ORGANIZATION 444

1.—INTRODUCTION.

Different opinions as to meaning of "democratization of industry." Presumed analogy between political and industrial democracy. Object of chapter.

2.—FRANCE.

Relation between employers and employees. *Conseils des Prud'hommes*. *Conseil supérieur du Travail*. *Conseils consultatifs du Travail*. Yellow syndicates. Attitude of C.G.T. towards joint industrial organization. Spirit of French employers. French reconstruction-policy. Scientific Management. Law on joint-stock companies and co-partnership, 1917. Labour opposition to this law. Conference on profit-sharing. *Commissions mixtes départementales or-*

LABOUR POLICY

CHAPTER

PAGE

ganized only temporarily during War. *Commissions mixtes*; joint organizations, with great power, established by collective agreements. *Confédération Générale de la Production Française*, leading power in the reconstruction work.

3.—SWEDEN.

No system of joint organization in existence. Committee on industrial democracy, 1920. Prime Minister on object of Committee. Maintenance of output essential. Preparation for nationalization. Conservative opinion. Scandinavian economic experts on problem of industrial democracy. No scheme of joint organization likely to be adopted by Swedish employers voluntarily.

4.—NORWAY.

Compulsory Arbitration Committee, 1909, on joint industrial organization. The Committee rejects idea of permanent organizations. Royal Commission on Labour, 1918. Majority Report, 1919, in favour of Industrial Councils with controlling as well as advisory authority. Shop Councils, District Councils, Industrial and Commercial Council, Minority Report, 1920, in favour of Industrial Councils with purely advisory authority. Works Committees Act, 1920, based upon principles of Minority Report. General attitude of Norwegian employers.

5.—DENMARK.

No measures taken by Government in the direction of joint industrial organization. Proposals of Social Democratic Party. Committees of Control. Trade Council.

6.—GREAT BRITAIN.

Joint industrial organizations not new in British industry. Proposed methods of reconstruction after War. Garton Foundation. Whitley Committee; report on Joint Industrial Councils and Works Committees, supplementary report on Works Committees, second report on Joint Industrial Councils, report on Conciliation and Arbitration (cp. Ch. XXI), and final report. Circular letter of Ministry of Labour, 1917, to employers' associations and trade-unions, urging adoption of Whitley scheme. Response to request of Government. Opposition in several well-organized industries. Industrial Councils recognized by Government as standing consultative committees. Functions of Councils. Fear of Government interference. Attitude of Federation of British Industries and Employers' Parliamentary Council as to Industrial Councils. Attitude of trade-unions. National Alliance of Employers and Employed. National Industrial Conference, 1919. General conclusions as to Government's reconstruction-policy. Profit-sharing and Labour co-partnership. Opposition from organized Labour.

7.—GENERAL SURVEY.

Joint industrial organization arose from different conditions in Great Britain and France. Reconstruction-work developed along lines entirely different in these two countries. Comparison between British and Norwegian systems of joint industrial organization. Profit-sharing and co-partnership. General conclusions.

TABLE OF CONTENTS

CHAPTER

PAGE

XXVI NATIONALIZATION OF INDUSTRIES.....	476
---	-----

I.—INTRODUCTION.

(1) *General Nationalization.*

General nationalization a different problem from nationalization of special industries both in degree and in principle. Problem of general nationalization merely theoretical. Moral and economic principle of nationalization. Production for profit and production for use. Function of prices. Problem of distribution in Socialist society. Problem of capital. Dictatorship of proletariat. Rule of the masses. Chief objections to general nationalization. Popular objections not of general application.

(2) *Nationalization of Special Industries.*

Problems of nationalizing special industries less fantastic and remote than problem of general nationalization. Confiscation inconsistent with principles of public morality. Nationalization by State-purchase; by Concession Laws. Interdependence of different industries complicates problem of nationalization. State enterprise in competition with private enterprise. The case when nationalization is justified.

2.—FRANCE.

Nationalization never considered by French Parliament as a means of reconstruction. Reform of wage-system the great issue. French Concession Laws. Distinction between *étatisation* and nationalization. Scheme of Economic Council of Labour for nationalization of mines. Nationalization of the Mines Bill, 1920. Nationalization of railways. State-purchase of Western Railway System, 1909. Unfortunate experience of State-management. Reorganization scheme for French railways after War. Railways Act, 1921. Board of Direction. Advisory Council. Unification of profits and railway charges. Conclusions as to failure of State-management misleading in case of Western Railway System. Control of water-power resources. Water Power Act, 1919. Conclusions.

3.—SWEDEN.

Large extension of public ownership makes problem of nationalization more delicate than in countries where State-ownership is little developed. Social Democratic Labour Party and nationalization. Bureaucratic organization of State-owned enterprises. Socialist opposition to this system. Attitude of railway servants. Nationalization Committee, 1920. Basis of inquiry; no decrease in production. Concession Laws.

4.—NORWAY.

Nationalization by Concession Laws. Restrictions on right to acquire real estate. Concession Laws applying to forests and mines. Concession Acts, 1909 and 1917, relating to water-power. Surrender of water-power stations with machinery and buildings without compensation. Experience of concession system. Labour Party and nationalization. Commission of Nationalization, 1919.

5.—DENMARK.

Attitude of Social Democratic Party towards nationalization comparatively moderate. Private enterprise not to be suppressed, but State should secure a certain control.

Special conditions prevailing in country partly explain comparatively moderate demands of Social Democrats. General observation about nationalization in various countries. Question of saving in nationalized industries. Workers share advantages of capitalization. Necessity of capitalization recognized even by supporters of nationalization. General conclusions.

6.—GREAT BRITAIN.

Workers' demand for nationalization of coal-mines and railways. Coal Industry Commission. Administrative and technical organization of mines and distribution of coal proved to be wasteful. Mr. Justice Sankey's report; his arguments in favour of nationalization not convincing; proposals as to administration, restrictions on miners' right to strike, lease of nationalized mines. Report of Labour representatives. Employers' report. Sir Arthur Duckham's report. State-purchase of mining royalties. Municipal authorities and Co-operative societies to help with distribution of coal. Government policy with regard to coal-mines. Aim of general reconstruction-policy of Government to be taken into consideration. Threat of general strike to force nationalization of mines. Idea rejected by Trade Union Congress, 1920. Coal Mines Emergency Act, 1920, and Mining Industry Act, 1920. Government regulation of export and supply of coal, miners' wages, and employers' profits. Establishment of Pit Committees, District Committees, Area Boards, and National Board. Advisory Committee. Severe depression. Secession of Government control. Coal Strike, 1921. Break up of Triple Alliance. Experience of nationalization of coal-mines in other countries. Problem of railway nationalization. State-ownership of railways in countries where capital is comparatively scarce. State-management has advantages but does not necessitate nationalization of privately-owned railways. Estimated value of British railways. Organization of British railways. Railway Executive Committee. Parliamentary Select Committee on Transport, 1918. Ministry of Ways and Communications Bill, 1919. Opposition in business world. Government policy. Report of Colwyn Committee. Disastrous consequences of mixed State and private management. Government's liability to railway companies. Labour Party and nationalization of railways. Railways Act, 1921. Railways Amalgamation Tribunal. Compensation to railway companies. Railway Rates Tribunal. Central and National Wages Boards. Conclusions. Uneven distribution of land. Land-nationalization largely a problem of industrial distribution. Land Nationalization Bill, 1921. Estimated value of land. Conclusions. Public ownership and control of water-power. Importance of water-power. Utilization of the tides. Recommendations of Electric Power Supply Committee, 1918. Water Power Resources Committee; Report, 1921. Concession-system recommended by Committee. Conclusions.

7.—GENERAL SURVEY.

Actual progress of nationalization in each country depends upon general opportunities for State-enterprise in

TABLE OF CONTENTS

CHAPTER

PAGE

that country. Comparison between Great Britain, France, and Scandinavian countries in this respect. State-ownership of natural resources. Ownership of land and royalties. Position of nationalization-problem in Great Britain different from that in France. Working-classes impressed by failure of Russian nationalization. Workers begin to realize that their interests are not opposed to but identical with those of their employers. Private ownership as compared with State-ownership. General conclusions.

APPENDIX I	529
APPENDIX II	537
APPENDIX III	540
APPENDIX IV	543
APPENDIX V	549
INDEX	551

ERRATA

- p. 247, ll. 11-12 : *Delete the sentence commencing "Soon after"*
- p. 260, ll. 34-36 : *The passage "Mr. Brace . . . Affairs" to follow the sentence ending "Cabinet rank"*
- p. 272, ll. 20-21 : *Delete the words "though they had . . . at the polls"*
- p. 414, l. 31 : *for "the Conference" read "a representative of the dock-labourers"*
- p. 572, col. 2 ; l. 22 : *for 512 read 511*

LABOUR POLICY

CHAPTER

PAGE

Special conditions prevailing in country partly explain comparatively moderate demands of Social Democrats. General observation about nationalization in various countries. Question of saving in nationalized industries. Workers share advantages of capitalization. Necessity of capitalization recognized even by supporters of nationalization. General conclusions.

6.—GREAT BRITAIN.

Workers' demand for nationalization of coal-mines and railways. Coal Industry Commission. Administrative and technical organization of mines and distribution of coal proved to be wasteful. Mr. Justice Sankey's report; his arguments in favour of nationalization not convincing; proposals as to administration, restrictions on miners' right to strike, lease of nationalized mines. Report of Labour representatives. Employers' report. Sir Arthur Duckham's report. State-purchase of mining royalties. Municipal authorities and Co-operative societies to help with distribution of coal. Government policy with regard to coal-mines. Aim of general reconstruction-policy of

Boards. Conclusions. Uneven distribution of land. Land-nationalization largely a problem of industrial distribution. Land Nationalization Bill, 1921. Estimated value of land. Conclusions. Public ownership and control of water-power. Importance of water-power. Utilization of the tides. Recommendations of Electric Power Supply Committee, 1918. Water Power Resources Committee; Report, 1921. Concession-system recommended by Committee. Conclusions.

7.—GENERAL SURVEY.

Actual progress of nationalization in each country depends upon general opportunities for State-enterprise in

TABLE OF CONTENTS

CHAPTER

PAGE

that country. Comparison between Great Britain, France, and Scandinavian countries in this respect. State-ownership of natural resources. Ownership of land and royalties. Position of nationalization-problem in Great Britain different from that in France. Working-classes impressed by failure of Russian nationalization. Workers begin to realize that their interests are not opposed to but identical with those of their employers. Private ownership as compared with State-ownership. General conclusions.

APPENDIX I	529
APPENDIX II	537
APPENDIX III	540
APPENDIX IV	543
APPENDIX V	549
INDEX	551

LABOUR POLICY

CHAPTER I

SOCIAL AND ECONOMIC CONDITIONS IN FRANCE

THE modern Labour movement in France has followed a course very different from that pursued in other countries. It belongs to a distinct type of its own, developed out of the peculiar social and economic conditions of the country and reflecting the mentality of the French people.

Perhaps the most striking feature in the social construction of the French community is the existence of a large lower middle-class, *la petite bourgeoisie*, consisting of small proprietors and independent employers.

This class of the population has been one of the chief obstacles to the development of the French Labour movement. As a matter of fact these small employers often exploit their workmen much more than do the large capitalists. The majority of the employers is composed of these *bourgeois*, and their presence in such large numbers explains why the whole class of employers is, as compared with the working-class, much more numerous in France than in most other countries. According to the census of 1911 there were approximately 8.5 million employers or independent producers, and not more than about 10.2 million employees. It is to be noted that these figures include 3.9 million female employers and 3.7 million female workers. In commerce there were altogether about 1.2 million employers and only 980,000 employees.* These figures prove that the employers' class in France is almost as numerous as that of the employed.

It is remarkable how little the *bourgeoisie* has been inclined to join the modern Labour movement, even though many of them live in very poor circumstances. They do not like to exert themselves overmuch and prefer to live a life of semi-poverty on the income

* *Annuaire Statistique du Ministère du Travail et de la Prévoyance Sociale*, Paris 1917, p. 14.

LABOUR POLICY

derived from their small patrimonies. Not unnaturally a strong opposition amounting almost to antagonism against this *bourgeois* class has arisen among the French Socialists and Syndicalists. Monsieur Dehermes, who has written a book on the French middle-class, says in the preface: "On the other hand, it is nothing but prejudice, vanity and folly that prevents the *petit bourgeois* returning to the rank and file. Too often he is not all that he might be. And he sometimes suffers by it. For, absurd and dangerous though it be, misery in a frock-coat does not fail to be terrible for the unfortunate beings, though licensed and certificated, who have to bear it."* These scathing words give a good idea of the opinion prevalent among the Socialists as to the French middle-class. The Socialist and Syndicalist leaders, however, use all their influence to bring the *petite bourgeoisie* over to their side. It is interesting in this respect to notice what Monsieur Millerand said at a conference held at Calais soon after he was elected President of the Republic. There are, he said, only two parties in the country. On the one hand the small group of parasites, rich financiers and bankers, who do not know what work is, but do know how to profit by it. On the other hand the large army of workmen and small employers, the *petite bourgeoisie*, who are the victims of capitalists and big employers.† This statement of Monsieur Millerand's is all the more significant as he himself is in the peculiar position of being a Socialist, supported by the *bourgeoisie*, but opposed by large groups of the working-class.

The existence of this large *bourgeois* class in France goes far to explain the fact that wealth is distributed much more evenly in that country than in the other large European countries. Official statistics dealing with the distribution of wealth in France are not available but Monsieur Compère-Morel has made some calculations on this subject for the year 1910, based upon the annual succession-returns which are published officially. According to these calculations the total wealth of private persons was about 213,000 million francs, divided among the following four groups: (1) Persons who had less than 10,000 francs. These numbered about 12 million and their total wealth was approximately 27,000 million francs. (2) Persons who had between 10,000 and 100,000 francs, who numbered about 2 million and whose total wealth was in the neighbourhood of 60,000 million francs. (3) Persons with a fortune of between 100,000 and one million francs. Their number was 285,000 and their total wealth 74,000 million francs. (4) Persons who had

* Georges Dehermes, *Les Classes Moyennes, Etude sur le Parasitisme Social*, Paris 1912, preface.

† *L'Humanité*, Sept. 27th, 1920.

SOCIAL AND ECONOMIC CONDITIONS IN FRANCE

more than one million francs but less than 50 million ; they numbered 21,000 with a total wealth of 52,000 million francs.* Further, it was estimated that 83 per cent. of the population owned only 13 per cent. of the total personal wealth of the country, that 15 per cent. owned 28 per cent., and, finally, that less than 2 per cent. of the population owned half the accumulated private wealth of the country. These figures in themselves do not speak very favourably of the distribution of wealth in France, but, as we shall see later on, it is far more even than the distribution of wealth in England.

In the middle of the last century, France was almost entirely an agricultural country. Even after the Franco-German War the agriculturists and their families constituted nearly seventy per cent. of the total population, and at the beginning of the present century they formed approximately sixty per cent. The decrease in the numbers of the rural population continued during the following years, and the figures of the census of 1911 show that the agricultural workers were only about three and one-third million, while the total number of workmen was nine and one-third million. The workmen of the manufacturing industries numbered approximately five million.† This return of the rural population to town-life in France is the result mainly of foreign competition. The high tariffs of 1891 were not sufficient to protect agricultural production effectively, and low wages forced masses of rural labourers to pass into the more remunerative manufacturing industries. Still, agriculture is by far the most important industry in France, and it must be remembered that a large percentage of the rural population consists of small independent landowners. In fact the total number of these landowners exceeds the number of wage-earners. In 1911 there were altogether approximately 2.87 million male landowners, and 2.4 million male rural workers, while the female landowners numbered 2.35 million as against only 0.89 million land-workers.‡ It is clear that the wage-earners in agriculture, in consequence of this general diffusion over the country districts, are far more difficult

* Compère-Morel, *La Concentration Capitaliste en France*, Paris 1913, pp. 8 seq. The figures differ little from those given by Professor Milhaud in his *La Marche au Socialisme*, Paris 1920, pp. 17 and 20. His figures representing the average, for the years 1909-13 were, for the above groups, approximately 27, 61.3, 75.8, and 60.4 milliard respectively. The greatest difference is in the fourth figure representing the largest fortunes, which also had increased to a very high percentage after the period 1902-4. *Vide also Le Rapport à la Chambre des Députés* 1916, No. 1,723, *concernant la proposition de loi, ayant pour objet d'établir un impôt sur la fortune acquise, etc.*, page 7.

† *Vide, Annuaire Statistique du Ministère du Travail et de la Prévoyance Sociale*, Paris 1917, pp. 72 seq., and Paul Louis, *Histoire du Socialisme Français*, Paris 1901, p. 277.

‡ *Annuaire Statistique*, 1917, p. 14.

LABOUR POLICY

to organize than the groups of industrial workers massed in the towns. Another point is that the large number of landowners, who are often manual workmen, are generally of a very conservative temperament, and are opposed to the modern Labour movement. There is no doubt that these circumstances have retarded the development of the French Labour movement.

Although the activity of the State in matters connected with production has not reached any high degree of development in France it is interesting to note the great variety of enterprises which are placed under Government-control. The total income derived from public estates and forests amounted in 1913 to nearly 40 million francs. This figure includes revenues from lands and forests administered directly by the State or let on lease, compensation for the use of fishing-waters and hunting-grounds, bridge-tolls and canal-duties, rent paid by private railway-companies for the use of State-ground, and the revenues from water-power stations, mines, and stone-quarries, as well as from the State-owned pottery-works at Sèvres. The postal, telegraphic and telephone services, and certain railways, are also controlled by the State. The State-owned match-industry yielded, before the War, a net revenue of 40 to 50 million francs, and the manufacture of tobacco, which is a State-monopoly, gives an annual revenue of more than one million francs.*

The French civil law makes a clear distinction between the right to exploit land, in the ordinary meaning of the term, and the right to exploit land below the surface of the land (*sous-sol*). According to the Act of April 21st 1810 mines cannot be exploited by private persons without a State-concession. The Government has the right to give such a concession which is valid for an unlimited period, and the mine can thereafter be sold and acquired in the same way as any other property, except that a mine cannot be divided and sold in small lots without the authorization of the Government. The State has, further, the right to demand a certain fixed sum as compensation for the concession, and also a proportional royalty (*redevance*), i.e. 6 per cent. of the net revenue of the mine. Before the War the State had an annual income from mining-royalties amounting to between 10 and 11 million francs. The concession-law of 1810 was amended by several Acts, but the main principles remained in force until September 1919 when an Act was passed which provided that no new concession should be granted for terms longer than 50 or 99 years. Another condition enforced by this new Act is that not only the State but also the miners participate in the revenue of the mines. This is indubitably a great step in the direction of State-control of industry.

* *Annuaire Statistique*, 1917, pp. 337 seq.

SOCIAL AND ECONOMIC CONDITIONS IN FRANCE

There is no doubt that a great check upon the development of the French Labour movement has been the low standard of education among the middle and working-classes. Not only is the instruction inferior in quality to that given to the same classes in England and in the Scandinavian countries but the percentage of illiterate people in France is much higher. The census of 1911 shows astonishing figures. Thus there were no less than $2\frac{1}{4}$ million persons, including one million women, who were totally illiterate. As there were altogether in France little more than 10 million manual workers this means that nearly a quarter of them could neither read nor write.* It is natural to infer that this wide-spread ignorance has been hostile to the progress of the Labour movement in France.

France, like England, has had a period when combines of workmen were prohibited by law. By a law of June 1791 corporations of persons engaged in the same trade or profession were declared unlawful. This law was fundamental to the French constitution. During the Second Empire there was, however, a strong opposition to this law which led to its modification in 1864. But it was not until 1884 that the law was repealed and the syndicates or unions of workmen legally recognized.

There are few countries where the opposition of the employers to Labour organizations has been so pronounced as in France, and the legal recognition of the syndicates did not help them to recognition by the employers who refused to enter into negotiations with their representatives. It was not merely some individual employers who adopted this attitude to their workmen but the whole class of employers; they regarded the syndicates as directed against their right to control their own enterprises. The result of the employers' attitude was, in the first instance, the outbreak of large strikes which were entered into solely for the defence and to enforce the recognition of the syndicates. But when the employers persisted in their policy the feeling against them among the workmen became more bitter, and the syndicates declared that friendly discussions with the employers were no longer possible and that sterner methods were necessary. In fact the intolerant attitude of the employers goes far to explain the violent and revolutionary character of the modern French Labour movement, where direct action under the form of a general strike, sabotage, or some other socially detrimental act is predominant.

The formation of trusts and combines amongst the employers strengthened their power towards the workmen. This is one reason why the French working-class was forced to organize. During the period 1896-1906 the number of large factories each employing

* *Annuaire Statistique*, p. 14.

LABOUR POLICY

more than 100 workmen had increased considerably, while the number of small factories or workshops employing at most 10 workmen had decreased. Of the total number of industrial workmen in 1896 36 per cent. were employed in large factories, and in 1906, 41 per cent.; while the corresponding figures for small factories and workshops were 36 and 32. The percentage of workmen employed in factories of average size (11 to 100 hands) remained much the same during the above period. Of every 1,000 manual workers in 1896, 277 were employed in small factories, 78 in average-sized factories and 645 in large factories; while the corresponding figures in 1906 were 246, 72 and 682.* The concentration of French industry is shown clearly by the fact that in 1906 nearly 70 per cent. of all industrial workers were employed in enterprises where there were more than 100 hands. It is, of course, the workers in these large enterprises who, in the first instance, form the French proletariat.

The industrial situation in France before the War was far from brilliant. On the one hand the development of agriculture was checked by American and Russian competition, and on the other hand cheap German goods flooded the French market, in spite of tariffs, and arrested the progress of manufacture. The only manufactures which could hold their own were those which supplied local markets, and export-industries which produced luxuries such as Paris fashions, silk goods and fine woollens, laces, wines, and motor-cars. But industries of the German and American type—based on the large scale production of standard-patterns—were exceptional and were kept down by foreign competition. Although the demand for the luxuries produced by the French export-industries is subject to considerable fluctuations, particularly during times of financial disturbance, France is exposed comparatively little to recurring periods of unemployment. Instead, there is generally a shortage of labour in France which is greatest during the harvest-time and which necessitates the introduction of labour from neighbouring countries. The absence of periodically recurring unemployment is due in the first place to the fact that France, like most other agricultural countries, is very largely self-supporting. Another point is that the French factories are generally not concentrated into large industrial centres, but are scattered all over the country.

The shortage of labour in France has exercised a considerable influence upon the general outlook of the French workmen. They do not oppose, as do the workers in many other countries, the introduction of labour-saving machinery. On the contrary, they

* *Cp. Compère-Morel, Ibid., pp. 8 seq.*

SOCIAL AND ECONOMIC CONDITIONS IN FRANCE

realize that industrial efficiency is an essential condition for the permanent improvement of their standard of living under the present social order, and demand the application in all industries of the latest technical inventions. They also favour the introduction of Scientific Management.

It has been said about the French workman that his mind is governed by ideas, not by facts.* It seems doubtful whether this opinion holds good. On the whole, the mind of the French workman is impressed easily either by facts or ideas, and often more by the former than by the latter.

The violation of French territory by the Germans in 1914 undoubtedly did more to convince Labour of the necessity of supporting the Government than did the thought of revenge which was predominant elsewhere. Anyhow, the workers were obviously impressed more strongly by this fact than by international socialistic ideas.

However, it is characteristic of the mentality of French workmen that they are always ready to embrace new ideas and are easily aroused by fiery speeches. That this is a great danger has been proved sufficiently by the many violent revolutions with which the country has had to contend. The impressionable disposition of the French workman and his dislike to subordinating himself account for the great number of political sects and parties within the French Labour movement. Hence, the discipline which marks the German Labour movement has never permeated the French movement. From the point of view of organization this is naturally a weakness, and organized Labour has not, either politically or economically, the strength and homogeneity of the German national organizations. The failure to unite the political and economic movements is due very largely to the same cause.

It is hardly possible to form yet a definite idea as to the social and economic dislocations which have taken place in France during and after the Great War, because of the difficulty of distinguishing between permanent changes and those which are merely temporary. The debt contracted by the French Government since the outbreak of War had reached 186,000 million francs by the beginning of 1920, and the national debt (including pre-War debts) exceeded the total amount of all private wealth in the country as estimated for 1910.†

It is impossible to draw any definite conclusions out of these

* *Problems of Labour and Industry in Great Britain, France and Italy. Report of the European Commission of the National Industrial Conference Board (U.S.A.)*, 1919, pp., 272, 273.

† *Vide* p. 2 and *Brussels Financial Conference Proceedings*, vol. iii., p. xii. quoted in *Labour International Handbook*, London 1921, p. 54.

LABOUR POLICY

figures with regard to the economic situation of the country and for three reasons; firstly, because the purchasing power of the franc at the end of 1920 was only about one-fourth of what it had been before the War; secondly, because a deflation of the currency has taken place since then and is still in progress, thus making it impossible to estimate to what extent the burden of the debt will ultimately increase; and thirdly, because the exact amount to be covered by the German reparations can hardly yet be foreseen. However, one fact stands out clearly, and that is that France does not pay her way but, on the contrary, had a deficit in her budget exceeding 26,000 million francs for the fiscal year 1920.* Considering the present state of French industry it is doubtful whether it would be possible to make up this deficit by means of heavy direct taxation. In any case the Government has decided not to resort to this expedient until it is quite clear that industry can bear it; and therefore it has hitherto relied more upon indirect taxation than upon direct taxes which latter are unpopular not only among the wealthy classes but also among the *petite bourgeoisie* and the peasants. The chief difficulty for France in her present situation is to find credit for the balancing of her budget as well as for industrial reconstruction. But it is not likely that sufficient credit will be forthcoming unless French industry is organized properly and gives proof of its ability to make use of the vast possibilities of development offered by the Peace Treaty.†

As regards her iron-resources, the return of Alsace-Lorraine to France has placed her on approximately the same footing as the two greatest European iron- and steel-producing countries, England and Germany‡; moreover, the large coal-resources in that province and in the Saar Basin, together with the 200 million tons of coal to be delivered by Germany, will, no doubt, if properly utilized, enable France in the near future to make considerable progress as an industrial nation.§

To attain high industrial efficiency has been the first aim in the work of reconstruction. This is not only the Government watchword but also the formula of organized Labour and of the employers. New labour-saving machinery has been substituted very widely for the pre-War machinery which in many factories was old-fashioned and inadequate; vast electric water-power stations are being built in the Rhone valley in order to utilize the *houille blanche* for in-

* *Ibid*, p. xi.

† *Part VIII., Annex III.-vi.*

‡ *L'Exportateur Français*, 1921, p. 1,084.

§ It must be noted, however, that the French output of coal for the first half-year of 1921 in spite of the new resources reached only about two-thirds of the pre-War figure. *Bulletin du Ministère du Travail*, 1921, p. 239.

SOCIAL AND ECONOMIC CONDITIONS IN FRANCE

dustrial purposes and for the electrification of the railways; and Scientific Management is introduced into many industries to increase efficiency. The urgency of these measures appears clearly when one considers that 2 million French workmen were killed or disabled during the War.* This loss in productive power was felt strongly during the first post-War period, and after the return of industry to normal conditions it is bound to aggravate the shortage of labour in France, unless it can be compensated for by increased industrial efficiency.

There is no doubt that the War has brought about a certain equalization of the distribution of wealth in France. On the one hand the wealthier classes are taxed more heavily than before the War, and on the other the standard of living of the workers has in many industries improved considerably. The immediate result of the War with regard to wages was a general reduction which lasted up to the middle of 1915 in spite of the heavy increase in the cost of living; but from that time onwards wages have been raised continually until 1921; then the general depression set in. The pre-War rates were exceeded in 1916, and at the end of 1920, when the cost of living reached its highest point, wages in several important industries were raised to a still higher level. During the period 1914-1920 the cost of living in Paris increased 270 per cent.,† while the advance of wages was for agricultural workers 300-350 per cent., for textile workers 300-400 per cent., for home-workers 700-833 per cent.,‡ for hatters 300 per cent., for furniture-makers 300-350 per cent., for rubber-workers 300-425 per cent., for transport-workers 170-320 per cent., for miners 238 per cent., and for workers in the building-trade 200-300 per cent.§ The reduction of wages which has taken place since January 1921 has generally been proportionate to the decrease in the cost of living as estimated by joint industrial committees formed by agreement between employers and employed.

The workers for whom the advance in wages exceeds the increase in the cost of living are far more numerous than the rest, so the conclusion seems justifiable that the economic standard of the French working-class has improved since 1914. The great demand for workers in the devastated areas, and the fact that every fifth workman was killed or disabled during the War are circumstances which go a long way towards explaining this result.

There is one more effect of the War which must be mentioned in

* *Report of European Commission*, p. 274.

† Prices in Paris were at the beginning of 1921 about 3 per cent. lower than the average for the rest of the country. *Societa Meddelanden*, Stockholm 1921, p. 1,072.

‡ Minimum wage.

§ *Bulletin du Ministère du Travail*, 1921, p. 277.

LABOUR POLICY

this connection, and that is the improvement which has taken place since 1914 in the relations between employers and employees. During the War the French employers had to give up their traditional policy of refusing to recognize the workers' organizations and to enter into negotiations with their representatives. Strikes in war-establishments were prohibited and the Government ordered that all disputes should be referred to permanent conciliation or arbitration-committees composed of employers' and workers' representatives. In this way a large number of employers were brought, more or less reluctantly, into contact with their workmen, and the result proved to be very satisfactory. The co-operation between employers and workers has continued since the War and their relations are now marked by a far more conciliatory spirit.

One cause which has contributed to this result has certainly been the patriotic feeling among all social classes in France. Workers as well as employers are willing and eager to do their share in the work of reconstruction, and in the formula "high industrial efficiency and increased output" they have found the basis for united action. This is the best guarantee of all that France will be able to recover from the financial straits in which she at present finds herself.

CHAPTER II

THE SOCIALIST MOVEMENT IN FRANCE UP TO 1905

THERE is a great difference between Labour representation in England and the Scandinavian countries, on the one hand, and that in France, on the other. While in each of the former countries there is one really big party which claims to represent Labour in Parliament, there are in the French legislature several groups which share equally the responsibility of representing the working-class. Moreover, it has been impossible in France to amalgamate the political and the economic Labour movements into one united movement working for a common end.

The representation of Labour in the French Parliament is of much older date than in the English. This is due primarily to the fact that universal suffrage for men was introduced much earlier into the French legislature. Thus the Act of February 25th 1875 gave the franchise for electing to the Chamber of Deputies to all men over 21 years of age. The suffrage-question has therefore played a far less important part in the French socialist policy than it has done in that of Socialist and Labour parties in other countries where the property-qualifications excluded large numbers of the working-class from the franchise.

The term "Socialist" is used in a much wider sense in France than in England and the Scandinavian countries. For instance, the Socialist groups in the Chamber of Deputies do not all agree with the principle of State-ownership in industry. It should be remembered also that a French Socialist is very often at the same time a Syndicalist. In fact the boundaries between Socialism and Syndicalism, are, to say the least, not very well defined in France, nor are the distinctions between the principles of different Socialist or Syndicalist groups.

In the French legislature there are several Socialist groups but no single Syndicalist group. Nevertheless many members of the Socialist groups are really Syndicalists working for the establishment of a syndicalist order. This does not indicate that there is in reality no difference between Socialism and Syndicalism, but it shows that Syndicalists may accept socialist measures for the realization of their objects. It proves, further, that the real difference between Socialism and Syndicalism is not implied in the methods adopted but in the ultimate end held in view. Nominally, however, Syndicalism

LABOUR POLICY

as a movement is opposed to all Labour representation in a *bourgeois* legislature or government, and it would therefore be considered unprincipled to have a Syndicalist group in the Chamber of Deputies.

The Labour movement, which had grown up and developed in France under the Second Empire, ceased to exist when the Commune of 1871 was overthrown and its members shot or exiled, and many years elapsed before a successor to it could be organized, for the economic as well as the political Labour organizations were broken up. The expatriated *communards*, many of whom emigrated to England, continued, however, to carry on political propaganda, thereby preparing the way for reorganization. Their chief difficulty—the lack of a competent and experienced leader—was surmounted in 1878 when Jules Guèsde, for many years the most prominent figure of the French Labour movement, returned to France. This man, who belonged by birth to the *petite bourgeoisie*, had been exiled, and had taken refuge in Switzerland where he met and associated with German Marxian Socialists, of whose doctrines he later became a passionate champion. Soon after his return an International Labour Congress had been summoned to Paris, but the Government intervened and prohibited the Congress. In defiance of this decision Guèsde and a few of his followers, supported by some *chambres syndicales*, hired a hall and received the foreign delegates. The meeting was broken up by the authorities and Guèsde was arrested. When released a few days afterwards he was immediately acclaimed as the new leader. His personality dominated also the Labour Congress of Marseilles, 1879, when the *Parti révolutionnaire des hommes du peuple* was formed. Guèsde decided to model the French Labour movement on the German type, and with this end in view he held conferences with Marx and Engels in London. Although the French legislature was a typically *bourgeois* institution Guèsde considered it advantageous to the Labour movement to follow the example of the German socialists and take part in elections and parliamentary activity. This was a very important point in the new programme drawn up by Guèsde and accepted by the large number of Labour organizations which were represented at the Congress held at Le Havre in November 1880. This Congress was entirely under the control of Guèsde and his followers from Nantes, Lille, and other northern towns. The principles adopted by the Congress were of a decidedly Marxian character and can be summed up in the following terms: materialism, class-warfare, political organization, and nationalization.* The chief efforts of the Guèsdists were

* It was worked out after the so-called Gotha programme, which was adopted in 1875 by the German Social Democracy. Cf. Paul Louis, *Histoire du Socialisme Français*, Paris 1901, p. 295.

THE SOCIALIST MOVEMENT IN FRANCE UP TO 1905

directed towards unity ; in this they were successful, but only for a short time. Had Guèsde succeeded in maintaining this unity there is no doubt that the French Labour movement would have resembled closely that of England and the Scandinavian countries.

The stolid Marxian materialism, systematic organization and severe discipline were, however, alien to the French temperament, and the unity established in 1880 lasted only one year. The failure of the Guèsdists at the general election of 1881 was the first severe blow suffered by the new *Parti Ouvrier Français*. It did not, in fact, require very much to shatter the unity of the Party as the opposition within it to German methods had grown rapidly. M. Benoît Malon attacked the Guèsdists in the *Revue Socialiste*, and Paul Brousse organized the opposition to Guèsde who had become a veritable autocrat and had irritated his colleagues by his " tyrannical " regulations. The parliamentary candidates of the Party were bound to abide strictly by the clauses of the Party programme. Accordingly when M. Joffrin, the candidate representing Montmartre, issued a declaration to his constituency which differed in certain points from the Party programme, he was dismissed summarily from the Party by the Executive Committee. This decision, which caused much resentment in the Party, made it possible for Brousse to overthrow the ruling Guèsdists. At a Congress held at Saint-Etienne in 1882 the majority of the *Parti Ouvrier Français* resigned and formed under Brousse's leadership the *Fédération des Travailleurs Socialistes*. The members of this Federation were called either Broussists after their leader, or, more frequently, *Possibilists*—the name given to them by the Guèsdists because they believed in the possibility of carrying through the entire social revolution immediately. The Federation was an opportunist body without any clear programme. Although advocating revolution and disseminating anarchic propaganda the Federation did not oppose parliamentary activity. While the *Parti Ouvrier Français* was particularly strong in the northern districts the *Fédération des Travailleurs Socialistes* had its sphere of activity in Paris and the central departments.

Ten years after the establishment of the Federation some of its most active members inaugurated a movement which aimed at placing parliamentary candidates under the absolute control of its Executive Committee. This question was considered at the Congress held at Chatellerault in 1890, but the majority of the delegates adhered to the existing system of local control. The minority reproached Brousse because his programme laid far too much stress upon the success of the Federation at the parliamentary elections and because not enough attention was given to theoretical pro-

LABOUR POLICY

paganda. The result of these differences of opinion was that the minority under Allemane left the Federation and formed a new body called the *Parti Ouvrier Socialiste Révolutionnaire*. Its members were called *Allemanists*, after their leader.

There was another party which had a similar name, the *Parti Socialiste Révolutionnaire*. This was entirely anarchist and under the leadership of Vaillant. The members of this party regarded themselves as the real representatives of the Latin Labour movement as opposed to the German movement; they boasted of their traditions handed down from the Revolution of 1789, by Blanqui, Babeuf and Buonarrotti; they were commonly known as *Blanquists*. There is little doubt that although this body was one of the largest political Labour organizations it was less important than the three above-mentioned bodies.

Although it was not a class-organization to the same extent or in the same sense as the foregoing parties, the *Confédération des Socialistes Indépendants* must be considered on account of its close connection with, and influence on, the French Labour movement as a whole. This is the party of Jaurès and the Socialist Radicals, Millerand and Viviani. The Independent or Reform Socialists were the real leaders of the Socialist movement at the end of the last century. They were independent of the organizations previously enumerated and were not bound to any fixed doctrines. The chief object of the Independent Socialists was to unify the different socialist organizations through common political action. But this was not their sole object. They also appealed to the *petite bourgeoisie* and claimed its support for Socialist candidates. In fact the leaders of the Independent Socialists were not manual workers but scientifically and politically educated men, who were often better fitted to organize the Socialist movement than were the uneducated members of the class-organizations. The great success of the Socialists at the general election of 1893, when the number of Socialist representatives in the Chamber of Deputies was increased from 10 to 40, was due mainly to the activity of these men and their supporters. It must be remembered, however, that the real class-organizations have always been suspicious of the Independent Socialists, most of whom belonged to the *bourgeoisie* and were fundamentally Radicals rather than real Socialists. It is true they were in favour of the nationalization of railways and mines and advocated the adoption of drastic laws against monopolies, but they never abandoned entirely the principle of private ownership. The leading organ of the Independent Socialists, *La Petite République*, was started in 1893.

THE SOCIALIST MOVEMENT IN FRANCE UP TO 1905

To sum up, there were in France at the end of the last century the following large socialist and anarchist organizations :

1. Parti Ouvrier Français, a Marxian Socialist Party under Guèsde's leadership.
2. Fédération des Travailleurs Socialistes, Broussists, or Possibilists, under Brousse's leadership.
3. Parti Ouvrier Socialiste Révolutionnaire, Allemanists, under Allemane's leadership.
4. Parti Socialiste Révolutionnaire, Blanquists, under Vaillant's leadership.
5. Confédération des Socialistes Indépendants ; a Socialist Radical group under Jaurès' leadership.

Unity between the Reform Socialists, the Marxian Socialists, and the Revolutionary Socialists in Parliament was established in 1896. The common socialist programme was worked out by Millerand, and upon this basis the Socialist Group was founded. Their programme, which is generally known as the Saint-Mandé programme, may be summed up under the following heads : (1) The acquirement of political power by legal measures, i.e. by the ballot. (2) The means of production and exchange to be taken over by the State, but not until society shall be ripe for such action. (3) International co-operation of the workers.

The different Socialist organizations in Parliament agreed to co-operate on this basis at the general elections, each party voting at the first ballot for its own candidate, but uniting in the second ballot to support the Socialist candidates who had polled the highest number of votes at the first ballot. The result of this method was seen at the elections of 1899 when the United Socialists returned 57 officers and the Socialist Radicals 82.

It is an interesting coincidence that at almost the same time as the Labour Representation Committee was being organized in England, and the National Confederations in the Scandinavian countries (which meant not only an economic but also a political centralization of the Labour movement), the General Committee of the five above-mentioned socialist organizations was formed in France. In 1898 a *Comité de Vigilance*—at a somewhat later date renamed *Comité d'Entente*—had been formed by these five organizations. This Committee's chief object was to facilitate joint action by the different affiliated bodies ; it was, however, organized rather loosely, and one incident in 1899 very nearly brought about a complete rupture between the different affiliated parties. In 1899, M. Millerand, with the support of Jaurès and *La Petite République*, took office in the Waldeck-Rousseau Cabinet as Minister of Commerce side by side with General de Galliffet, who had been one of

LABOUR POLICY

the more prominent opponents of the Commune.* This action caused great opposition. Those Socialists who were in favour of class-warfare regarded it as a departure from principle for a Socialist to join a *bourgeois* government, and demanded that Millerand should be asked to resign from the Party. Jaurès and the Independent Socialists were, however, quite capable of dealing with the opposition. Without troubling to defend the action of Millerand, Jaurès attacked the most powerful of his opponents, Guèsde and Vaillant, impugning their right to represent the French working-class.† He demanded the summoning of a congress where all the Socialist, Syndicalist, and Co-operative organizations of the country should be represented. Only such a congress, said Jaurès, would have the right to speak in the name of the French working-class. After some hesitation Guèsde and Vaillant accepted Jaurès' proposal, and in October 1899 the *Comité d'Entente* issued a circular inviting the Labour organizations of the whole country to a Congress to be held in Paris at the beginning of December. The following points were to be discussed at the Congress :

1. The class-war and the obtaining of public power. (a) By what measures and according to what principles can the Socialist organizations take part in national, departmental, and municipal government? (b) Ways and means of obtaining public power. Political action (electoral or revolutionary). Economic action, (strikes, general strikes, and boycotting, etc.)

2. The attitude of the Socialist parties with regard to the Church, militarism, anti-semitism, nationalism, etc.

3. Socialist unity. Theoretical and practical conditions. Central control of the activity, propaganda and organization of the different Labour associations.

It appeared from the circular of the *Comité d'Entente* that the main object of the Congress was to discuss the means whereby the unity of the French Labour movement could be obtained. It was stated that all those individuals whose energies were devoted to the complete emancipation of the proletariat and to the establishment by the working-class of a new social order had fundamentally the same principles and were animated by the same aspirations. The Congress, accordingly, was summoned in order to call upon the working-class and Socialist organizations all over the country to muster and to unite their forces in joint-action for their common good.‡

* Galliffet was known by the Socialists as "the bloodhound of 1871."

† Cf. Daniel Halévy, *Essais sur le Mouvement Ouvrier en France*, Paris 1901, p. 233.

‡ *Compte Rendue Sténographique du Congrès Général des Organisations Socialistes Françaises*, 1899, Paris 1900, p. vii.

THE SOCIALIST MOVEMENT IN FRANCE UP TO 1905

The Congress seems to have been characterized by very stormy proceedings, and the prospect of reaching a favourable solution did not, in the initial stages, appear to be very good.* Naturally the big fight was bound to take place between the Independent Socialists, on the one hand, and the Marxian Socialists and the Blanquists, on the other. The Possibilists and Allemanists, as well as the representatives of the syndicates and co-operative associations, took up, at the beginning of the proceedings, a more or less neutral attitude. It did not take long for Jaurès to become master of the situation. His exceptional eloquence first carried away the neutrals and finally won over his opponents. The Congress, it is true, did not approve the action of Millerand in joining a *bourgeois* government, but it was due mainly to Jaurès that political unity was established.

The decisions arrived at by the Congress on the points previously enumerated are highly important and are therefore deserving of special consideration. With regard to the first question, class-warfare and the obtaining of public power, the Congress first of all decided that a Socialist should not join any *bourgeois* government. This decision, which was passed by 818 votes to 634, was clearly the judgment of the Congress on the Millerand-case. Next, the Congress decided that, *inter alia*, the following methods should be used by the Socialists: economic, electoral, and revolutionary measures (including the general strike, the boycott, etc.)

The resolutions with regard to the second of the above-mentioned points were of little interest, but it may be noted that the Congress pronounced its disapproval of the Nationalists and Anti-semites.

The resolutions with regard to the third point, Socialist unity, were the most important and may be studied under the following heads:

I. A Socialist Party (*Parti Socialiste Français*) was to be formed (though the term "party" was not generally used until after the Congress of 1905) and composed of the following organizations: (i) The five national organizations (cp.p. 15). (ii) Independent municipal and departmental Socialist federations. (iii) Socialist bodies of at least 50 members in departments where no federation existed.† (iv) Syndicates of workers accepting the socialist principles laid down in the above-mentioned circular of the *Comité d'Entente*, and in the resolutions of the Congress.‡ (v) Co-operative societies agreeing with the same principles and allotting a certain amount of their revenue to socialist propaganda.

* Cp. the vivid and interesting description of the proceedings at the Congress, by Halévy, *Ibid.*, pp. 234-245.

† Subject to the unanimous approval of the General Committee of the Party.

‡ *Ibid.* p. 16.

LABOUR POLICY

II. It was also decided that a general Congress of the Party should be held annually; this Congress should meet at different places and each Congress should decide where its successor was to be held.

III. The establishment of a *General Committee* was the most important work of the Congress. This Committee was to operate between the Congresses and to be re-elected at each Congress. The first General Committee was composed as follows: 15 delegates of the *Parti Ouvrier Français*, 7 delegates of the *Parti Socialiste Révolutionnaire*, 7 delegates of the Municipal and Departmental Federations, 6 delegates of the *Confédération des Socialistes Indépendants*, 4 delegates of the syndicates, 4 delegates of the *Parti Ouvrier Socialistes Révolutionnaires*, 3 delegates of the *Fédération des Travailleurs Socialistes*, 1 delegate of the co-operative societies, and 1 delegate of the *Alliance Communiste*. Each organization represented on the General Committee had to contribute to the general fund a sum proportionate to the number of its delegates.

The General Committee was invested with very great powers. Thus the representatives of the different organizations affiliated to the Socialist Party were united in a group under the direct control of the General Committee; the Committee had to see that the general principles of the Party were followed, and to maintain unity in the use of the vote by the Socialist representatives. The Committee also had control of the Socialist press. The Party had no official organ, but all the papers issued by the affiliated societies were obliged to insert the communications from the Committee. If any such paper, by controversial attack either on any affiliated society or on the general principles of the Party, was considered to be detrimental or injurious to the Socialist movement, the Committee had power to suppress or exclude from the Party the affiliated society responsible for the publication.

It was expected that the Congress of 1899 would make a turning-point in the history of the French Labour movement. But this was not so. The centralization of the different Labour and Socialist organizations was not so effective as would appear from the decisions of the Congress.

The great defect of the General Committee—obvious from the very beginning—was that it was composed of more or less insignificant people who were incapable of leading the whole French Labour movement. Under such circumstances it was impossible to establish a co-ordinating system similar to that which prevails in England, Sweden and Denmark, and by which the movement outside Parliament is kept in close touch with the movement inside. Soon after the inauguration and election of the General

THE SOCIALIST MOVEMENT IN FRANCE UP TO 1905

Committee it made its first attempt to bring the Parliamentary Group in the Chamber of Deputies under its authority, and at the same time to humiliate it. The Committee issued a circular to each member of the Group ordering him to place himself at the disposal of the Committee on certain days for propaganda work. The circular, which was indited in childishly haughty terms, not unnaturally produced an entirely opposite effect; the members of the Parliamentary Group, recognizing the incompetence of the Committee, refused to treat the document seriously, and most of them did not even reply to it. This was the first act by which the General Committee weakened its own authority, and it was not long before a new act still further embittered its relations with the Parliamentary Group. The General Committee decided that at future elections the Socialist candidates, either political or municipal, should, in order to obtain the support of the organizations affiliated to the Socialist Party, insert in their election-addresses the declaration that they agreed with the general principles of the Party as laid down by the Party Congress. The Parliamentary Group discussed this decision, and resolved that the elected members should be responsible to their respective electorates and electoral committees only.

In its report to the Annual Congress of 1900 the Parliamentary Group complained of the behaviour of the General Committee. The following statement was made: "For, from the beginning of the constitution of the General Committee—without the Group having been consulted, and without any agreement having been attempted with it—arbitrary decisions were made, and were communicated to the Group in terms which seemed to some to be a deliberate slight on their dignity as men and as chosen representatives. . . . We hold, therefore, that in their relations with the central organization which will issue from the deliberations of the Congress of 1900, they (the Group) ought to be treated on a footing of equality and ought to be shielded from these systematic attacks which, whilst doing their utmost to lower the dignity of the Socialist deputy, do little enough to raise the dignity of the Party as a whole." This statement when read out at the Congress was greeted by the following exclamation, very typical of the spirit of the General Committee: "Vous êtes nos domestiques!"* It was clear that the rupture was complete between the politicians in the Chamber of Deputies and the dictatorial *doctrinaires* of the General Committee. To show their absolute independence of the General Committee the Socialist deputies passed a resolution which rejected the collectivist doctrines as being created only in order to deceive the workers.

The Congress of 1900 does not seem, however, to have lost hope

* *Report of the Congress*, pp. 101, 102.

LABOUR POLICY

of bringing about unity between the Socialist movements inside and outside the Chamber of Deputies. It was decided that a new General Committee should be elected which should, first of all, inquire into the best ways of unifying the Socialist Party. The proposals of this Committee were to be submitted to the next Congress which was to be summoned within six months. The next Congress was held at Lyons in May 1901, and the proposals of the Committee were debated. The result of the proceedings was that the Congress agreed to a new scheme for the unification of the movement, by which the functions and powers of the different Party organizations were fixed in detail.

First of all this scheme laid down the general principles of the Party. Thus, it was ruled that the Party should work not only for the unification of French Labour but for the joint-action of the Labour movement in different countries. It was agreed, further, that the Party should support the political and economic organization of the proletariat in order that it might acquire the political power in society and might socialize the means of production and exchange, i.e. bring about the complete transformation of capitalist society into a collectivist or communist society. These were the principles upon which the unification of the French Labour movement was to be based. Considering the above declaration of the Socialist deputies with regard to collectivist ideas, it is obvious how little effect these last-named principles would have in unifying the Labour movements inside and outside the French Parliament.

The most interesting provisions of the scheme were those in sections IV and V relating to the General Committee and to the Parliamentary Group. According to these provisions the principal function of the General Committee should be to organize the general propaganda and joint-action of the Party. For this purpose the Committee should have the control of the Socialist press, of the Socialist representatives in Parliament, and of all members of the Party. The Committee was, also, to prepare a Party programme for the political and municipal elections, together with a theoretical account of socialist principles. This programme was to be examined at the next general Congress. The members of the Parliamentary Group, on the other hand, were to try to be as united as possible in exercising the vote, and in case of need they were to consult the General Committee. They were to be placed (each in his turn) at the disposal of the General Committee, for propaganda and strike-meetings. The secretary of the Parliamentary Group was to act as an intermediary between the Group and the Committee. The object of these provisions was two-fold ; to place the Parliamentary

THE SOCIALIST MOVEMENT IN FRANCE UP TO 1905

Group under the real control of the General Committee, and to avoid friction between the two bodies.

Judging by a manifesto which was issued to French workmen and Socialists by the Congress of Lyons it seems to have been quite satisfied with its work for the unification of the French Labour movement. Unity, the manifesto said, was not only proclaimed but actually accomplished, and the Party was one within which all socialist and revolutionary energy could find a place.

Nothing could have been more misleading! In point of fact the unity of the French Labour movement was, after the Congress at Lyons, completely shattered. It was in vain that the Congress exclaimed: "Vive l'unité socialiste! Vive la révolution socialiste!" Unity was no longer possible. The Revolutionary Socialists had left the Party and had begun to organize their own forces. The *Parti Ouvrier Français* had already (at the Congress of Wagram in Paris 1900) resigned its membership of the Party, and at the Congress of Lyons its example was followed by the *Parti Socialiste Révolutionnaire*, by the *Alliance Communiste*, and by several independent departmental federations. These organizations created in June 1901 the "*Parti Socialiste de France*" [(U)nité (S)ocialiste (R)évolutionnaire].

Before the Congress of 1899 the political Labour movement was divided into five different parties. This Congress, however, brought the parties closer together, but the differences between the adherents of parliamentary measures and the purely Revolutionary Socialists were too great to permit of real unity. But the result of the work carried on during the period 1899-1901 was that the Labour movement was grouped into two main sections, the *Reform Socialists* or *Reformists*, and the *Revolutionary Socialists*, instead of into the five sections which existed anterior to 1899. This bipartition of the political Labour movement in France is still one of its most striking features even though formal unity was established in 1905. Before entering into a study of how this unification was carried out it may be appropriate to examine the leading ideas of the *Parti Socialiste Français*, on the one hand, and of the *Parti Socialiste de France*, on the other.

As already mentioned, the Congress of Lyons instructed the General Committee to work out the programme of the *Parti Socialiste Français*, which was to be preceded by a theoretical account of the socialist principles. The programme proposed by the Committee was examined at the Congress of Tours in 1902, and the theoretical account was adopted unanimously as stating the leading principles of the Party. The whole of this account cannot here be taken into consideration, but only those points of it which are of

LABOUR POLICY

particular interest in this connection. Concerning the *political* order of society, it said democracy had been realized when universal suffrage was established. Concerning the *economic* order of society, on the other hand, there could not be any democracy so long as the oligarchy of capitalists owned, directed, governed, and exploited the country and the people. By the establishment of universal suffrage the working-class had, however, obtained a means of defeating capitalism, and it would be foolish of the workmen not to make use of it. The political rights of the working-class in existing society stood to that class for the force by which a revolution in the present order might be brought about. The organization and education of the working-class with a view to parliamentary activity was, therefore, essential for the realization of its aims. The workers did not desire violence, but, if they could not obtain their rights by peaceful methods, they would be forced to use such measures as strikes and general strikes. The Congress stated in unmistakable terms that a readjustment of society, resulting in the taking over by the workers of the means of production and exchange, was necessary and ought to be effected. Whether production were to be controlled by the syndicates or by the Socialist State was, however, not specified. The Congress also left open the question as to how the readjustment or transformation was to take place, because it held that it was impossible for the human mind to determine in advance the way in which history would be made.* In short, the *Parti Socialiste Français* may be defined as an opportunist party in favour of legal measures and social reforms, but without any definitely-formed or announced opinion whether the new economic order which it aimed at establishing would be of a socialist or syndicalist character. It may also be added that the Party strongly advocated international co-operation.

The immediate reforms advocated by the Party were included in the second part of the programme. They were directed towards : (1) Democratization of political power. (2) Separation of the Church from the State. (3) The humanizing and democratizing of Justice. (4) Increase in the civil rights of women and children. (5) Higher Education for the working-class. (6) High direct taxation, and abolition of indirect taxes on the necessities of life. (7) Protection of Labour in industry, commerce and agriculture. (8) Insurance against sickness, accidents, incapacity for work, old age and unemployment. (9) Extension of the industrial and agricultural activity of the State. (10) Policy in favour of international peace; the military forces to be organized merely for purposes of defence.

* *Cp. Report of the Congress at Tours, 1902, pp. 245-252.*

THE SOCIALIST MOVEMENT IN FRANCE UP TO 1905

The Congress passed the resolution that no member should be regarded as a Socialist candidate and be supported by the Party unless he had signed the above programme. This resolution is all the more remarkable because French politicians have always been very unwilling to accept any rules restraining their individual freedom. This disciplinary resolution was probably due to the influence of the German Socialists.

Finally the Congress decided that a Socialist should be allowed to join a *bourgeois* government on the condition that the Congress gave its consent. In this way the declaration of the Congress of 1899 was modified.*

After the rupture between the *Parti Socialiste Français*† and the *Parti Socialiste de France*‡ in 1901 it was obvious that neither could claim justly to represent the Socialists of the country, still less the French Labour movement as a whole. In fact there was keen competition between the two parties for the leadership of the movement. This rivalry could not but be detrimental to Labour policy as a whole, a fact which was fully recognized by many leaders in both camps. Union between them was for the time being impossible in consequence of the implacable attitude taken up by the majority of the U.S.R. The real differences were not very great between the programmes of the two parties, but the U.S.R. always accused the P.S.F. of co-operating too closely with the *bourgeois* class, whilst it regarded itself as a real class-war party. It aimed at the substitution of a purely working-class representation for the prevailing parliamentary representation of all citizens. Nevertheless it did not completely reject parliamentary activity, but considered the main task of the Socialist deputies to be socialist propaganda. Naturally, therefore, it was less successful at the general elections than the P.S.F. At the elections to the Chamber of Deputies in 1902 the Party returned only 12 officers, while the P.S.F. returned 38. The attitude of the U.S.R. with regard to the military question is typical of the spirit of the Party. While the P.S.F. advocated certain reductions of the military forces, the U.S.R. proposed to abolish the regular army and to distribute arms among the people—two measures calculated to facilitate a successful revolution.

* *Vide* p. 17.

† Abbreviated to P.S.F.

‡ Abbreviated to U.S.R. (*Unité Socialiste Révolutionnaire*, see p. 21).

CHAPTER III

THE SOCIALIST MOVEMENT IN FRANCE, 1905-1920

THE split in the French Labour movement was regarded with dismay, not only by many leading French Socialists, but also by Socialists in other countries who feared that by it the French movement would prove a check to the development of the international Labour movement. It is a remarkable fact that it was owing to the initiative of foreign Labour organizations that the French Labour movement became reunited. At the International Labour Congress held at Amsterdam in 1904 where both the French Socialist parties were represented (the *Parti Socialiste Français* by Renaudel and Jaurès, and the *Parti Socialiste de France* by Vaillant), a resolution was passed urging the Labour organizations in every country to continue in joint-action against the capitalists. There should, it was urged, be only one Socialist party in each country representing the proletariat against the *bourgeois* class. The Socialist parties in the different countries ought to accept the principles laid down by the international Congress in order to facilitate international co-operation as well as the internal unity of the parties.

The first step towards attaining the objects of this resolution was taken by the Central Committee of the *Parti Socialiste de France*, which declared itself ready to bring about unity in accordance with the principles laid down by the International Congress. The weak financial position of the Party certainly contributed to its willingness to approach the elder party. The *Parti Socialiste Français* at first hesitated, but on a second *démarche* from the U.S.R. it agreed to the appointment of a delegation to discuss the matter. At a meeting of the delegates from the two parties a *Commission d'Unification* was appointed, each party being represented by seven delegates. The *Commission* decided that unity could be reached only on the basis of the resolution passed by the international Labour congresses held in Paris in 1900 and Amsterdam in 1904. A sub-committee was appointed in order to draw up the common principles of the united Party. This sub-committee, composed of Allemane, Briand, Hervé, Renaudel, Revelin, Lavaud and Willm issued its report at the end of December 1904, and its proposals were accepted and signed by both parties. The document was

THE SOCIALIST MOVEMENT IN FRANCE, 1905-1920

forwarded to the International Labour Bureau at Brussels which stood bail for the good behaviour of the new *Parti Socialiste* (Section Française de l'Internationale Ouvrière, S.F.I.O.). To this party were affiliated the *Parti Socialiste Français*, the *Parti Socialiste de France*, the *Parti Ouvrier Socialiste Révolutionnaire*, and a certain number of federations not affiliated to the above parties. The fundamental principles of the new Party were in the main as follows:*

The Party declares itself to be a purely class-party, working with the object of socializing the means of production and exchange, in other words, for the conversion of the capitalist system into a collectivist and communist order. From the point of view of its object, its ideal and the means which it employs (or proposes to employ) the Party is not a reform-party, although it is in favour of certain immediate reforms, but is a real revolutionary party for encouraging class-warfare. The representatives of the Party in the French Parliament form a single Group opposed to all political sections of the *bourgeoisie*. The Group refuses to support any measure which aims at the maintenance of the authority of the *bourgeois* government, and accordingly always declines to vote for the budget, for military and colonial grants, and for secret-service funds. The individual members of the Group are under the immediate control of the organizations to which they belong, and the Group as a whole is responsible to the *National Council*, i.e., the executive committee of the Party, corresponding to the General Committee of the *Parti Socialiste Français*.

This was the basis upon which the new Party was built. The old dissensions between Reform Socialists and Revolutionary Socialists did not cease on the attainment of unity, but at any rate formal unity was created and the political influence of the Labour movement was undoubtedly increased thereby. Perhaps this is shown best by the results of the general elections. In 1905 the new Party was represented by 38 members in the Chamber of Deputies, while there were 13 Socialist representatives outside the Party. At the election of 1906 the number of United Socialists was increased to 54, while the Independent Socialists returned 22 members. After the elections of 1910 the corresponding figures were changed to 76 and 21. This shows clearly the extent to which the French Labour movement had profited by the union of 1905.

It would, however, be a great mistake to suppose that the members of the *Parti Socialiste* adhere obediently to the principles of the Party as laid down in the above declaration. The dissensions between Ministerialists and Anti-ministerialists, and between

* *Report of the Commission d'Unification to the first Congress of the Party held in Paris, April 1905*, p. 11.

LABOUR POLICY

Reform Socialists and Revolutionary Socialists have not been settled. The clause in the Party programme prohibiting co-operation with political sections of the *bourgeoisie* has been openly violated. Many Socialists of the Party have entered into electioneering-alliances with Radicals and Socialist Radicals, whose principles, in some points at least, coincide with those of the Party. This course of action did not attract much attention so long as the Radicals were considered partisans, but, after the Radical Government had made itself extremely unpopular by certain specific actions, co-operation with the Radicals at the elections raised a storm of disapproval against the offenders, not only among French but also among German Socialists.

In October 1906 the Socialist Radical Government of M. Clemenceau came into power, and the Socialists, M. M. Briand and Viviani, were represented in the Cabinet.* The Socialists welcomed the new Government from which they expected much, and a vote of confidence was carried without opposition from any Socialist.† The reforms promised by the new Government seemed very hopeful to the Socialists. Thus, a graduated income tax was proposed, the reform of the military criminal laws so as to allow of the creation of soldiers' war councils in peace-time, the purchase by the State of the network of railways in the west of France, the introduction of a system of workmen's pensions, and, finally, the creation of a Ministry of Labour and Public Welfare; all these were reforms in accordance with the principles of the Socialist Party. However, it soon became evident that the influence of the new Government in Parliament was less than had been expected, and during its first year of office it succeeded in carrying through only the last-named of the above reforms, M. Viviani being appointed Minister of Labour.‡

The proposal as to the State-purchase of the western railway-system was rejected by the Senate,§ the proposed income tax was greatly modified; the reform of the military criminal laws was not proceeded with, in consequence of certain mutinies which had taken place since the electoral campaign; and, finally, the Workmen's Pensions Bill was amended to such an extent that it became unacceptable by the Socialists. Although the Government itself was not altogether responsible for its failure to carry out the proposed reforms the Socialists did not hesitate to condemn it. They denounced it as a powerless and incompetent *bourgeois* Government.

* This led to their expulsion from the Socialist Party; they joined the Republican Socialist Group.

† Cp. Report of the Socialist Group to the National Congress of the Party, 1907, p. 38.

‡ M. Briand was appointed Minister of Public Instruction.

§ This measure was, however, carried in 1908.

THE SOCIALIST MOVEMENT IN FRANCE, 1905-1920

But this was only the beginning ! The Government appeared to disregard the opinion of the *Parti Socialiste*, and treated certain of its measures with indifference, which in turn had the effect of increasing the hostility of the Socialists. At this juncture there happened to be a good deal of Labour unrest which took the form of strikes, mass-meetings, and demonstrations in the wine-growing districts of central France. The Government decided on strong measures to put an end to this unrest, and sent troops to restore order. The leaders of the disturbances were arrested, but not without conflicts between the military and the workers in which some of the latter were killed. These measures not unnaturally irritated the working-class and the Socialist representatives in the Chamber of Deputies, while at the same time the attitude of the Government made it easier for the Party to unite against the political sections of the *bourgeoisie*. The opinion which the United Socialists entertained of the Radicals is shown in the following words quoted from the report of the Socialist Group :

"The Radical Party, save for a few honourable exceptions, seems to delight in inaction, only showing signs of a little strength when it has to fight the new enemy, that is to say, socialism and the working-class."*

The rift between the United Socialists and the *bourgeois* parties in the Chamber of Deputies steadily increased. The attitude of the Socialist Party, particularly with regard to foreign policy, caused the *bourgeois* parties, which were otherwise mutually antagonistic, to unite. The Morocco crisis of 1907 marked the turning-point in the policy of the *bourgeois* parties with regard to the Socialists. Conservatives, Liberals and Radicals were united in the opinion that the foreign policy of the Socialist Party was opposed to the real interests of the nation and should be fought by all possible means. The unrest in Morocco, which was directed against the French authorities and fostered by the German Government, had forced M. Clemenceau, in agreement with the British Government, to take severe measures in order to restore order and to re-establish the prestige of the French authorities. A military expedition was sent over and Casablanca bombarded. These measures were taken in the summer of 1907, without the direct sanction of the Chamber of Deputies which did not assemble until the end of October. The Socialist Group, fearing a change for the worse in the relations with Germany, rejected the policy pursued by the Government and appealed to the Chamber of Deputies. The Government, however,

* *Report of the Socialist Group to the National Congress of the Party, 1907, p. 43.*

LABOUR POLICY

received a vote of confidence by a majority of 449 to 47. The resolution ran as follows :

"The Chamber is confident that the Government will ensure the respect of France's rights in Morocco and the strict execution of her engagements ; it approves of the declarations of the Government and, rejecting any amendment, proceeds to the order of the day."*

There is no doubt that the attitude of the Socialist Group with regard to the Morocco Question weakened its parliamentary influence. In France, more than in most other countries, a political party which is at all opposed to what is generally considered to be the *gloire* of the nation is certain to become unpopular. Accordingly the attitude of the Socialist Party in regard to foreign policy reacted upon its general prestige in the Chamber of Deputies ; its proposals were regarded with suspicion and had little chance of success. Not unnaturally this circumstance had an injurious effect upon the Labour movement as a whole. Labour associations and individual workers began more and more to lose confidence in parliamentary measures, with the result that out-and-out Syndicalists and Anarchists gained many new adherents. Moreover, many workers were in favour of the Government's foreign policy and were opposed to the attitude taken up by the Socialist Group. All these circumstances combined to create differences in, and break up the unity of, the Labour movement.

In July 1909 M. Briand succeeded M. Clemenceau as Prime Minister and his Government inherited the antagonism of the United Socialists both inside and outside the French Parliament. The attitude of the Socialists to the new Cabinet can be seen from a resolution passed by the National Council in 1909, which included the following characteristic declaration :

"That the presence in the Cabinet of men who have left the Party in order to obtain a post for themselves among the Government staff, is only another reason for distrust. It is the two-fold duty of the Socialist Party to refuse the slightest confidence in a Government that has gone over to the *bourgeois* classes and to warn the proletariat against a Ministry that has betrayed it."

The Socialists were thus directly opposed to the system of Radical Cabinets with socialist elements introduced by M. Waldeck-Rousseau. In fact this system had become the rule, as all the succeeding Radical cabinets contained one or more Socialist Ministers.† After

* *Report of the Socialist Group to the National Congress of the Party, 1908, p. 55.*

† M.M. Millerand and Viviani, who were members of the first Briand Cabinet (which in fact was the first Cabinet under socialist leadership), were excluded from the second Cabinet formed by Briand in 1910 partly in order to give him a stronger position in suppressing the labour-unrest in the country.

THE SOCIALIST MOVEMENT IN FRANCE, 1905-1920

the Briand Cabinet the Radical Cabinets of M. M. Monis and Caillaux also included Socialist Ministers. It must be remembered, however, that the Reform Socialists included as a matter of fact more Radicals than Socialists, and were, in any case, not in favour of a complete overthrow of the existing order. Nevertheless they continued to call themselves Socialists, a circumstance which annoyed the United Socialists not a little.

With regard to the question of co-operation or non co-operation with the *bourgeois* class there were three courses open to the Socialist Party :

- (1) To accept office in a *bourgeois* government.
- (2) To support a *bourgeois* government in matters not directly connected with the immediate reforms of the Party.
- (3) Not to co-operate at all with a *bourgeois* government.

In point of fact the Socialist Party had declared definitely in favour of the last. There have, however, been advocates of the two first courses, particularly among the members of the Socialist Group. On this point it is of interest to have the views of M. Thomas, one of the most prominent leaders of the Party. He is in favour of the creation of a parliamentary *bloc*, composed of Radicals, Socialist Radicals, Republican Socialists, and the Socialist Party, but only on the condition that the Socialist programme for immediate reforms is accepted by the other parties of the *bloc* as part of the common programme. If the working-class, inside as well as outside Parliament, constantly renews its efforts for emancipation M. Thomas cannot see any danger to the Socialist movement as a whole in such a coalition.* The uncompromising Socialists, however, reply that there is a danger that class-war feelings will tend to disappear with such co-operation. "Socialism," says Paul Louis, "prefers direct attack to infiltration."†

In France as in England the outbreak of the War for the time-being totally changed the attitude of the Socialists in regard to co-operation with the government. Down to the very last days of July 1914 the Socialist Party, in repeated manifestoes to the working-class, declared its opposition to war, and its firm belief in international Socialism. One of these manifestoes, which may be taken as typical of the rest, ended on the following note : "A bas la guerre ! Vive la République sociale ! Vive le Socialisme international !" In a speech at Brussels Jaurès, who was at the time the real leader of the French Labour movement, proclaimed the sincere desire of the French people to prevent war. Accordingly it was not

* A. Thomas, *La Politique Socialiste, Les Documents du Socialisme, XIII*, Paris 1913, pp. 61-66.

† Quoted by M. Thomas, *Ibid.*, p. 65.

LABOUR POLICY

quite clear what attitude the French Socialists would take up in the event of war, and there were many who feared that they would attack the Government from the rear should war actually break out. There is no doubt that this fear was deeply and widely felt, and it found expression in the assassination of Jaurès two days after his return to France. This was a most regrettable incident for it removed from the political arena an exceptionally honest leader who had done more than most men to prove the real desire of the French people for peace. We know also that the fear of an attack upon the Government by the Socialists was groundless. Under the pressure of the German invasion all classes in France became united, and by a Manifesto of August 28th 1914, which was signed respectively by the Socialist Group, the permanent Administrative Commission of the Socialist Party, and the Administrative Council of *L'Humanité* (since 1905 the official organ of the Party) the Socialists declared their desire to support the Government, and approved the decision of Guèsde and Sembat to accept seats in the new Viviani Cabinet. It was pointed out that this was no ordinary participation in a *bourgeois* Government (to which the Party would never have given its consent) but a co-operation with a non-party Government, the predominant task of which was to save the country.* In May 1915 M. Thomas also was authorized by the Party to join the Government.† An anti-war section of the Socialist Party was formed in 1915 and sent representatives to the Zimmerwald International Conference in September that year. However, the majority of the Party, headed by Thomas, gave its whole-hearted support to the Government throughout the War. After the cessation of hostilities the Party decided to return to its previous policy of isolation, and the following resolution was passed at the Party Congress held in February 1920 :

“The Party wishes to bear in mind its solemn repudiation of any attempt at confusion or any other device threatening to veil class antagonism. Consequently, it emphatically repeats its intention to refuse, not only to participate in any *bourgeois* government, but also in any alliance conducive to the merging of its programme with that of other political parties.”‡

Moreover, before the elections of 1919, the Party declared its opposition to all electioneering-alliances, a circumstance which doubtless is one of the explanations of the poor result of these elections from the Party point of view.

* *Cp. Le Parti Socialiste, la Guerre et la Paix, résolutions et documents du Parti Socialiste*, Paris 1918, p. 110.

† Guèsde and Sembat left the Government in 1916 but Thomas remained.

‡ *Report of the Congress*, p. 562.

THE SOCIALIST MOVEMENT IN FRANCE, 1905-1920

The French Socialist press, like the Labour press in England, had a very difficult time during the War. Nevertheless the Party was, at the beginning of 1920, the owner or controller of ten daily newspapers, of which *L'Humanité*,* the chief organ of the Party, was the most important. It has a daily issue of about 100,000 copies. Another Socialist paper which is also published in Paris is *Le Populaire*.† It was suggested in 1920 by the Party Secretariat that the whole Socialist press should be concentrated in a central office in Paris which should supply the country papers with political leaders, parliamentary reports, etc.‡ This would certainly have increased its influence greatly and would thereby have strengthened the Party. At the present time the *bourgeois* press has a far larger circulation among the working-class than the Socialist papers, which are comparatively expensive and are, moreover, conducted badly. Under such conditions it is naturally very difficult for the Socialist leaders to make their opinions heard among the bulk of the people.

From the first National Congress of the Party, held in Paris in 1905, until July 1914, the membership had slowly but steadily increased from about 35,000 to a little more than 93,000. The increase was most marked during the six months preceding the War, the membership during this time being increased by more than 20,000. This rapid increase, however, was suddenly stopped by the War. It was stated at the Congress held in Paris in 1915 that the membership had thus decreased to less than 25,000. The reasons for this decrease were not far to seek; on the one hand people during the War had no time to think of social reforms and of the establishment of a new social order while the enemy was laying waste the country and ruining its industries; on the other hand the increased cost of living made it difficult for the workmen to pay their fees and subscriptions. But as soon as the War was over the upward movement began. The figures of 1914 were soon passed, and at the Congress held at Strasbourg in 1920 it was found that the membership of the Party had risen to 133,327 (i.e. an increase on the figures of 1918 of nearly 100,000 new members). While these figures prove considerable progress, those from the general election after the War are less favourable to the Party.

At the general election of 1906 the Socialist Group had returned 54 candidates; 76 in 1910; and 102 in 1914. The Party embarked with confidence on its election-campaign in 1919. The result was, however, a complete disappointment to the United Socialists whose number in the Chamber of Deputies was reduced to 68. The

* Present organ of the Communist Party.

† Present organ of the Socialist Party.

‡ Report of Secretariat to the Congress, p. 27.

LABOUR POLICY

conditions under which the election took place were similar to those which obtained at the last British election. Both in France and in England the elections were preceded by electoral reforms, and in both countries the War Cabinets, making full use of their popularity, organized a campaign which completely overwhelmed their opponents. The French Socialist Party, unlike the British Labour Party, has always been in favour of Proportional Representation, but it has not been successful in carrying out a measure of this nature.* Nevertheless the Party adopted a favourable attitude towards the reform of July 12th 1919 by which the *scrutin de liste* with minority-representation (though somewhat modified) was substituted for the old system of *scrutin d'arrondissement*, which was a system of majority-representation in single-member constituencies. The Socialists, however, considered the reform as a temporary measure only. To understand the result of the elections of 1919 it is necessary to know the main principles of the new electoral system.

Each department forms, as a rule, one constituency, which has to elect one deputy for each group of 75,000 inhabitants.† The last supplementary group is reckoned as a full group if it contains at least 37,500 inhabitants. No department elects less than 3 deputies. If a department elects more than 6 deputies it may be divided into sub-constituencies, each electing at least 3 deputies. The list of any party must not contain more names than the number of the deputies to be elected in the constituency. The elector may vote for the whole list, giving one vote to each candidate of his party, or he may cancel one or several of the names, in which case he has the right to substitute for them other names from a competing list. In the first case, i.e. if an elector cancels a name, he diminishes thereby the total vote of his party, and in the second case he not only diminishes the vote of his party but supports its opponents. How important it is to vote for the whole list appears when you come to examine the rules relating to the *electoral quota*. Any candidate who, at the first ballot, has received votes totalling more than half the number of the voting electors (the first quota) is declared elected, within the limit of the number of seats allowed to the constituency, and in the order indicated by the number of votes he has received. If, on the other hand, the number of seats exceeds the number of candidates who have received the first electoral quota, a second ballot is taken in which another quota is applied to the candidates for the remaining seats. This quota is obtained by

* In 1912 Briand's Government introduced a Bill providing for Proportional Representation in multi-member constituencies, but it was rejected in the Senate by 161 votes to 128.

† Cp. R. G. Réau, *Les Nouvelles Lois Electorales*, Paris 1919.

THE SOCIALIST MOVEMENT IN FRANCE, 1905-1920

dividing the number of votes by the number of deputies to be elected. It is at this point that the list-system comes into operation. A party receives as many seats as the number of times the second quota is contained in the average number of votes received by its candidates. If there are, for instance, 100,000 electors and 5 deputies to be elected, the quota is 20,000. If, further, the 5 candidates of a party have received altogether 300,000 of the total 500,000 votes, their average vote is 60,000. This means that the party obtains 60,000 votes divided by 20,000 (the second quota), which is equivalent to 3 seats. If, after this process there are any seats still vacant, they are allotted to the party or parties whose candidates had obtained the highest average vote above the quota. The United Socialists object particularly to this last regulation as it constitutes, in reality, a departure from the minority-system. For instance, a majority-party may have been allotted three seats because its average vote was more than three times as great as the second quota, while the minority-party has received several thousand votes, but not quite as many as the quota. If, now, there are four seats to be distributed, the majority-party may receive the fourth seat by a dozen votes, while the minority-party does not get a single seat, although its candidates have received several thousand votes. There is no doubt that this provision favours the majority-party unduly and at the expense of the minority. The above regulations show how important it is that the electors of a party should vote for all the candidates of the party, and not split their votes.

Under the new electoral system it was possible for the popular War-leaders and ministers to make their great influence felt during the electoral campaign of 1919; this influence was used against the Socialist Party with the result that the number of its representatives in the Chamber of Deputies was largely reduced. Undoubtedly the carrying through of this electoral reform was a clever move on the part of M. Clemenceau in his fight against the Revolutionary Socialists. The result of the elections was that the number of United Socialists in the Chamber of Deputies decreased from 96 to 68, a defeat which had the most far-reaching consequences on the French Labour movement as a whole. The Socialists protested that their total vote was higher in 1919 than it had been in the election of 1914, and that the Party, under a more equitable system of Proportional Representation, would have returned 131 officers instead of 68.* As a matter of fact, the total vote obtained by the Socialist candidates was 1,729,307, as compared with 1,397,373 in 1914. Allowing for the new electorate of Alsace-Lorraine this meant a net increase

* *Cp. Report of the Party Secretariat to the National Congress 1920, pp. 34.*

LABOUR POLICY

of 218,426 votes.* Supposing the electoral conditions had been the same as in 1914 the Socialist Party, judging from the total vote, would have returned 119 officers instead of 68.† It is therefore not in the least surprising that the United Socialists were opposed to the new electoral system, and that they insisted upon regarding the Reform Act of 1919 as a temporary measure only. The following resolution was passed at the Congress held at Strasbourg in 1920 :

“The French nation, misled by lies and seemingly indifferent after the depressing *régime* of five years of war, has notwithstanding, listened to the appeal of the Socialists, and were it not for an unjust and dishonest electoral law which the heads of the Party ought to see about reforming, and which led to the perversion of the election, 150 members would have been returned to the Chamber by 1,700,000 Socialist electors, to voice the aspirations of workmen in town and country.”‡

In addition to Proportional Representation the Socialist Party has for a long time advocated and placed on its programme measures providing for a unicameral system of representation and for women's suffrage. The Chamber of Deputies has already passed a resolution affirming the equality of the sexes in regard to the franchise, so that the passing into law of a measure granting women's suffrage is, probably, only a question of time.

The United Socialists had very little success in the elections to the Senate. This body is composed of representatives elected in each department by an electoral council consisting of the members of the

* *Ibid.* p. 45.

† It is of some interest to compare the strength of the different parties in the Chamber of Deputies before and after the elections of 1919.

	Before the elections.	After the elections.
Groupe des indépendants	38	29
Réunion des membres qui n'appartiennent à aucun groupe	—	19
Groupe du parti socialiste	96	68
Groupe du parti radical et radical-socialiste	166	86
Groupe des républicains de gauche	51	60
Groupe républicains socialiste	26	31
Groupe de l'action libérale	20	—
Groupe de l'action républicaine et sociale	—	47
Groupe de l'union républicaine radicale et socialiste.	17	—
Groupe de l'entente républicaine démocratique	—	184
Groupe des droites	13	—
Groupe de la fédération républicaine	33	—
Groupe de la gauche républicaine démocratique	—	93
Groupe de la gauche démocratique	30	—
Groupe de la gauche radicale	59	—

Cp. Feuilleton de la Chambre des Députés contenant les listes électorales des membres des groupes, etc. 1919, n : o. 328 ; 1920 n : o. 108.

‡ *Cp. Report of the Congress*, p. 562.

THE SOCIALIST MOVEMENT IN FRANCE, 1905-1920

general council,* of the members of the council of the *arrondissement*, † of delegates chosen by the municipal councils in the towns, and, finally of the deputies representing the department. A candidate for election must be at least forty years of age. The Senators are elected for nine years, a third of the Senate retiring every third year. In 1912 the United Socialists had only four representatives in the Senate, but this number has been increased gradually to nine—still a very small number considering that the Senate consists of three hundred and fourteen members. True it is that the Senate has less political power than the Chamber of Deputies, but this is a poor consolation as the Senate is still powerful enough to reject measures passed by the Chamber of Deputies. In any case the introduction of a one-chamber system was one of the chief points in the reform-programme of the United Socialists.

The percentage of manual workers in the Parliamentary Group of United Socialists was very low, and most of the Socialist representatives belonged to the *bourgeoisie*. Thus, of the 77 representatives in 1920 only 21 were manual workers and 6 employees. The remaining 50 representatives were: lawyers (7), journalists (6), professors (5), school-masters (5), doctors (3), presidents and secretaries of workmen's syndicates, authors, employers, etc.‡

From the time of the first Congress held in Paris in 1905 until the great rupture in 1921 the organization and general programme of the Socialist Party were subjected to considerable modification and amplification. In 1920 the Party had the following organization:

I. The smallest unit and the real basis of the Party was the *Group* (not to be confounded with the Parliamentary Group). At the head of the Group was a Committee which appointed the secretary and the treasurer of the Group who held office on an annual tenure. The *Group Committee* was represented at the Congress of the Federation to which the Group belonged. The members of the Group paid a small annual fee (1-2 francs), and had to be registered members of the syndicate of workmen in their trade or profession. This last stipulation bound together the Socialist and Syndicalist movements, and created the peculiar situation that a workman could become a member of the Socialist Party only if he were a Syndicalist.

II. The *Section* was the central organization for the Groups in the same town or in the same municipality. The *Administrative Commission* of the Section was composed of (1) one or several dele-

* The representative assembly of the department.

† Local authority, administering the districts (*arrondissements*) of the department.

‡ *Report of the Party Secretariat to the National Congress 1920*, pp. 39-40.

LABOUR POLICY

gates from each Group, their number to be fixed in proportion to the membership of the Group ; (2) representatives elected at the general meeting of the Groups, the *General Assembly*. The Administrative Commission represented this Assembly between the annual meetings. The most important task of the Section was to organize the campaign of the Party at municipal elections. Those members of the Administrative Commission who were elected by the Assembly represented the Section at the Congress of the Federation.

III. The *Federation* was the central organization for the Sections in the same department. Groups which did not belong to a Section were under the direct control of the Federation. Each Federation had to include at least five Sections. The supreme authority of the Federation was the *Departmental Congress*, which decided the political activity of the Federation and superintended the application of the political principles of the Party. This Congress also appointed the Party-candidates at the political and departmental elections, and the delegates to the National Congress and the National Council of the Party. Between the meetings of the Departmental Congresses the authority of the Federation rested with the *Federal Council*. This body, which was summoned every second or third month, was elected by the Departmental Congress. The Council decided important questions affecting the Federation, summoned the annual Departmental Congresses and might, at the request of a certain number of its members, also summon extra congresses. The executive of the Federation was the *Administrative Commission*, which was elected at the Departmental Congress for one year. The Commission organized the propaganda of the Federation and administered its newspaper (if it had one), issued the annual reports, and had the right to summon extra Congresses if urgent need arose. The Commission also served as a means of communication between the Departmental and the National Party organizations.

IV. The *Party* was, at the Congress of 1920, composed of 95 Federations. The supreme authority of the Party was the *National Congress*. Each Federation was represented at the Congress in proportion to the total number of its subscribing members. The Congress decided upon the general political programme and dealt with all important questions of general interest to the Party. The *National Council* bore the same relation to the Party as the Federal Council bore to the Federation. The Council, which had to be summoned at least twice a year, was composed of delegates from the Federations and from the Permanent Administrative Commission of the Party (dealt with below) ; they were elected at the National Congress. The Council had to see that the decisions of the National and International Congresses of the Party were carried out, and to

THE SOCIALIST MOVEMENT IN FRANCE, 1905-1920

control the officials and parliamentary representatives as well as the press of the Party. The Council also directed socialist propaganda all over the country, summoned the annual as well as the extra National Congresses, and drew up the agenda to be submitted to the Congress. According to the original statutes of the Party the parliamentary representatives could not be elected members of the National Council. This clause was, however, abolished.

The *Permanent Administrative Commission* (C.A.P.) was elected at the annual National Congress and consisted of 24 members, more than 8 of whom could not be parliamentary representatives. All members must have belonged to the Party for at least five years. The Commission was the real executive of the Party, directing its whole policy in the intervals between National Congresses and meetings of the National Council. The *Bureau* of the Commission was conducted by one general secretary, one treasurer, and the secretaries of each of the following sections, (a) administration and conflicts, (b) organization and propaganda, (c) record-office.

The *Parliamentary Group* was composed of the representatives of the Party in the French Parliament. No one could be appointed a parliamentary candidate of the Party unless he had been a member for at least three years. The duties of a Socialist representative in the French Parliament were far more burdensome than those of a British Labour M.P. Not only was he under a moral obligation to adhere strictly to the programme and rules of the Party, but he had also to be at the disposal of the C.A.P. for political propaganda and speaking-tours. And this was not all. While a British Labour member in Parliament is often supported financially by his organization the French Socialist representative had to pay an annual sum of 3,000 francs to be distributed among the Party, his electoral organization, and his Federation.*

The above-given details serve to show that the organization of the French Socialist Party in 1920 was worked out very carefully, and that it compares very favourably with the political Labour organizations of other countries. It must be explained, however, that, while in other countries the political Labour movement is based to a very large extent upon the economic Labour organizations, the political Labour movement in France is almost entirely independent of the economic movement and consequently is obliged to give its organization a firmer basis. But the separation of the political from the economic movement in France is a very great drawback to the development of the first-named, of which the membership is comparatively very small.

* Cp. *The Statutes of the Socialist Party*; and H. Laudier, *Ce qu'est le Parti Socialiste*, Paris 1919.

LABOUR POLICY

The last programme of the French Socialist Party before the rupture was adopted at the Congress held in April 1919, and was amended by resolutions of the Congress held at Strasbourg in February 1920.

The programme was divided into two parts: one general part containing the definition and exposition of Socialism and of the meaning of "social revolution," from the Party stand-point; and one special part dealing with immediate political reforms, immediate economic and social reforms, and, finally with the whole question of international socialist policy.

It was declared that Socialism promoted the principle of harmony as opposed to the universal chaos raised by the War, and the principle of justice as opposed to the social injustice aggravated by the War. Socialism, it was said, had also in view the complete suppression of war; it was an international movement, and its aim was the realization of a state of supreme human civilization.

By "social revolution" the Party meant the substitution of a system of collectivist production, consumption, and exchange for the present economic system based upon private and capitalist ownership. Social democracy, they said, could not be attained, not even from a political point of view, until the social revolution had abolished the privileges of private ownership and the inherited servitude of the working-class. It was impossible to predict how this revolution would be effected—whether by taking over the legal power of the country under the pressure of universal suffrage, or by the employment of forcible measures on the part of the organized proletariat; only the future could show. The Party declared explicitly that it did not confound revolution with violence. To form an opinion as to how far the Party was revolutionary in character you must consider their intentions rather than their acts. As the Party has constantly in view the prosperity of society, it is entirely opposed to violent actions and prefers to bring about the social revolution by peaceful measures. It might happen, however, that the resistance of the richer classes would be of such a nature as to compel the Socialists to use all the means at their disposal, even the employment of violent methods. The Party, however, emphasized the necessity of effecting the revolution at the right moment, i.e. when society was prepared for, and the socialist organizations were capable of introducing and controlling, a new social order. The Marxian influence upon the thought of the French Socialist Party is here quite evident. In addition the Party also declared, in full accord with Marx, that, whatever form the social revolution might take, the power of the proletariat would, in all probability, be

placed in the hands of a dictator.* This would, however, be only a provisional and temporary arrangement. The political leadership of society would gradually be taken over by the permanent institutions of the Socialist Party as at present established. The right moment for the social revolution might or might not be drawing near; the best way of preparing for it was to carry on the struggle for the well-being of the working-class, for their moral progress, for the increase of their professional capacity, for the introduction of a democratic spirit into political life and institutions, and, finally, for economic reconstruction after the War, and for the increase of the productive power of the country.

These principles show that a distinct improvement in the political thought of the Socialist Party had taken place since 1905. There is no doubt that the experiences of the Socialist leaders in ministerial offices during the war had a modifying influence upon the intransigent pre-war attitude of the Party.

The immediate *political* measures and reforms demanded by the Party were in the main as follows :

(1) Universal suffrage for both sexes ; (2) political referendum ; (3) the right of political initiative by the people ; (4) thorough Proportional Representation in large constituencies ; (5) a unicameral legislative system ; (6) decentralization of the administration (an anti-socialist and purely syndicalist reform) ; (7) lawyers and leaders of State-enterprises to be ineligible as parliamentary representatives ; (8) the inauguration of political amnesty ; (9) absolute freedom of the press, and of speech, as well as of combination.

The immediate *economic* and *social* reforms proposed by the Party had in view :

(1) The suppression of unemployment by Labour Exchanges, organized in accordance with the principles of equity ; (2) the development of social insurance in all its forms ; (3) effective legislation with regard to the health and security of workers ; (4) progressive reduction of working-hours in order to secure a normal relation between them and technical progress in industry, so that the workmen might enjoy the fruits of industrial development ; (5) establishment by law of minimum-wages based upon the cost of living ; (6) foreigners to be debarred from working for wages lower than those earned normally by Frenchmen ; (7) unlimited recognition of the right of the syndicate ; (8) extension of the laws

* "The transition from capitalism to socialism will have as its political organ the revolutionary dictatorship of the proletariat." K. Marx, *Letter to the German Social Democratic Leaders in 1875*, quoted by M. Beer in his *History of British Socialism*, II. London 1920, p. 212.

LABOUR POLICY

relating to workers in factories and workshops to agricultural workers and small-holders; (9) co-operative organization of the small landowners, farmers and small-holders for the production and sale of agricultural products and for the purchase of machines and seed; (10) insurance against damage by hail and loss by cattle-diseases; (11) protection and medical control of mothers and children; (12) equality of opportunity in intellectual and physical training for all children; (13) housing organized by the State and Municipalities.

As regards the reconstruction of society after the War, the Socialist Party proposed the following measures: (1) high war-profit taxes; (2) capital-levy; (3) strong progressive increase of all taxes; (4) establishment of State-monopolies for the production of luxuries; (5) financial partnership of the State in all enterprises which were sufficiently centralized; (6) exploitation and control by the State and municipalities of railways, shipping, mines, water-power, banking, and insurance companies.

The attitude of the Party with regard to the small landowners presents some points of great interest. The Marxian principles of Socialism were developed with especial reference to the conditions of the working-class in Germany. They are not applicable, however, without further modification, to the working-classes of other countries where social and economic conditions are different. As will be seen later on, the Social Democratic Labour Party in Sweden, in consequence of the prevailing conditions of small landowners, has found it difficult to apply Marxian principles to Swedish conditions.* The same difficulty of applying Marxian Socialism to the large class of small landowners has arisen in France, and there have been continual controversies between the strict Marxians, who are absolutely opposed to any form of private ownership, and the modified Socialists, who defend private ownership under certain forms.† Their line of argument is as follows. The reason why the means of production and exchange should be nationalized is that in this way the exploitation of the working-class by the capitalist class can be prevented. Private property will, therefore, be disallowed directly it becomes capitalistic in character, i.e. makes an exploitation of labour by capital possible. But there is no reason why private property should not be permitted where such exploitation is impossible. In this way is defended the right of the small landowners, shopkeepers, and handicraftsmen to own their means of production in

* *Vide* pp. 84 and 85.

† *Cp.* Compère-Morel, *L'Exploitation Agricole et le Socialisme*; *Les Paysans et le Socialisme*; *Le Socialisme aux Champs*; Librairie du Parti-Socialiste, Paris.

THE SOCIALIST MOVEMENT IN FRANCE, 1905-1920

a Socialist State. The programme of the French Socialist Party did not, however, contain any positive statement to this effect.

When the Socialists towards the end of the last century supported General Boulanger in his adventurous political speculations, in the belief that he was the man to carry through the socialist revolution by a military *coup d'état*; when they engaged in the Dreyfus affair, and made the release and rehabilitation of Major Dreyfus one of the main points of their policy; when they united their forces by means of the Panama scandal—then the Socialists were opportunists without any definite socialist aim. By eliminating those who rendered merely lip-service to Socialism and who were in reality Radicals the spirit of the Socialist Party changed, and in 1905 the true Socialists had got a definite programme to guide their policy. The Party seemed to have entered upon a period of political stability and determination. But this was only apparently so. At the end of 1920 the final rupture between the moderate and the extreme Socialists took place on the question of adherence to the Third International.

On December 25th-30th the French Socialist Party held a Congress at Tours in order to discuss the matter. The Party had sent the two extremists, Cachin (editor of *L'Humanité*) and Frossard (secretary to the Party), to inquire into the situation in Russia, and on their return to France they started energetic propaganda in favour of full affiliation to the Third International. At the Party Congress the extremists were in a majority and the resolution moved by Cachin and Frossard was carried by 3,208 votes to 1,022, the latter number being cast for a more moderate resolution, proposed by Longuet and Faure, which suggested opening negotiations for affiliation, with reservations. The Right Wing of the Party, under the leadership of Renaudel, representing 397 votes, abstained from voting. The extremist majority of the Party subsequently formed the *French Communist Party*.*

The minority, i.e. the moderates and the Right Wing of the old Party, still maintains its name and programme. Longuet, Renaudel, Paul Faure (Party secretary), and Léon Blum (secretary of the Parliamentary Group) are the principal leaders of the Party. Although the membership of the Socialist Party is only about 50,000 its position in the Chamber of Deputies, where it is represented by 51 members, is far stronger than that of the Communist Party. The chief organ of the Party is *Le Populaire*, which had been also one of the organs of the old Party.

The Communist Party has only 13 representatives in the Chamber of Deputies, although its membership at the end of 1921 was esti-

* *Cp. Labour Research Department, Monthly Circular, Feb. 1 1921, p. 29.*

LABOUR POLICY

mated at 130,000. Frossard is the general secretary of the Party and Lorient the international secretary. Other prominent members of the Party are Cachin, member of the Executive; Lévy, secretary of the Parliamentary Group; and Anatole France and Barbusse. The principal organ of the Party is *L'Humanité* which was one of the main factors in creating the split up of the old Party. The weekly journals, *Bulletin Communiste* and *Revue Communiste*, are also controlled by the Party. It is difficult at present to perceive whether the Communist Party has any definite lines of policy or whether it is merely an opportunist body. The resolutions passed at the first Congress of the Party, held at Marseilles in December 1921, seem to indicate the latter. Whilst the Party advocates the development of a communal spirit among the people in place of the prevailing individualist spirit it also recommends the distribution of all land amongst the peasants—an individualist proposal obviously calculated to secure the support of the large peasant-class. Moreover, affiliation to the Third International, which is itself the highest expression of opportunist Labour policy, is bound to produce an element of perpetual uncertainty in the policy of the Communist Party.

This survey of the Socialist movement in France would not be complete without some reference to the policy of the Reform Socialists. M. Millerand, President of the French Republic, is the leader of the Reform Socialists. Although the leaders of the Revolutionary Socialists denounced him as a traitor and an enemy of the working-class, the result of the last elections has clearly shown that he has considerable support among the French manual workers. *Millerandism*, as M. Millerand's political school is generally called, has as its main object the creation of social peace by means of social reforms. Its policy is characterized by strict adherence to parliamentary measures and by *bourgeois* and socialist co-operation within the government in the common interest of the French people.*

This sane policy by reason of its comparative moderation cannot appeal to and influence the proletariat to anything like the same extent as violent and full-blooded Socialism, but there is no doubt that, supported as it is by all classes of society, it will in the long run prevail over any revolutionary class-war policy.

* *Cp.* Articles by M. Millerand in *Modern Socialism*, London 1910, pp. 48 and 58. *seq.*

CHAPTER VI

SYNDICALISM IN FRANCE

WHILE the economic Labour movement in England and the Scandinavian countries has formed the real framework of Labour representation, French Labour representation has been cut off to a great extent from the economic movement which has developed on syndicalist lines. There is, however, no sharply defined boundary between Socialism and Syndicalism in France, and the two movements often co-operate in questions of common interest to the French Labour movement as a whole. The present chapter is devoted chiefly to a study of the political side of French Syndicalism.

There has been and still is a good deal of confusion as to the exact meaning of "Syndicalism," mainly because the methods adopted by certain bodies of Syndicalists have been considered rather than the object of the movement. In particular, many writers on the subject have based their analyses upon, and drawn their deductions from, the methods adopted by the French Syndicalists, which are by no means an expression of pure syndicalist principles, although Syndicalism is a product of the French Labour movement. In fact there are very few true Syndicalists in France. As a rule the French Labour leaders are either (1) Syndicalist Socialists, who deny that Syndicalism has any independent object of its own, and state that the movement can be judged only according to its methods (which are the use of the boycott; sabotage; obstruction; industrial, social, and political strikes—all methods calculated to lead to the establishment of a Socialist society)*; or (2) Socialist Syndicalists, who accept the participation of Syndicalists in the Socialist Party as a means of education and preparation for the final establishment of the Syndicalist order.† Neither of these types can with justice claim to be considered purely syndicalist, the former because it does not recognize the object of Syndicalism, the latter because its methods are at variance with purely syndicalist principles.

The fundamental difference between Socialism and Syndicalism lies in the different view they take of the rights of man. In fact

* Cp. articles by Guèsde, Lagardelle, Vaillant, and Griffelhuës in *Bibliothèque du Mouvement Socialiste*, I-V, Paris 1903.

† Cp. L. Jouhaux, *Le Syndicalisme et la C. G. T.*, Paris 1920.

LABOUR POLICY

most of their differences, both as regards methods and aims, originate from this cause. According to the socialist theory every citizen has the same right, while according to the syndicalist theory the worker only has the full rights of citizenship. The fundamental principle of Syndicalism is that "Labour is everything," and that only the proletariat has the right to represent and govern society, politically as well as industrially. The workers are the producers and they have, therefore, the sole right to the whole benefit and all the results of production. The self-governing syndicate shall be the basis of the Syndicalist organization. To establish a society formed upon these principles is the object of Syndicalism.

With regard to the methods of Syndicalism, it is clear from the above principles that all parliamentary activity must be rejected, as Parliament is a *bourgeois* institution which can never, under a system of universal suffrage, represent the working-class only. Direct action is, therefore, the only method which is compatible with the syndicalist principles. As a rule the spirit of Syndicalism is revolutionary, and most Syndicalists believe that their social order cannot be established except by a violent revolution, developing out of a general strike. There are some Syndicalists, however, who believe in the establishment of a Syndicalist society by a process of development. They argue that the workers can, by strikes and other forms of direct action, make it impossible for the employers to carry on business. The workers would then be able to take over the industrial enterprises at greatly reduced prices. In this way political power also would be acquired, for when workmen's syndicates controlled the whole production of the country Parliament would be forced to submit to their rules.

The reorganization of the syndicates began almost immediately after the fall of the Commune, and in 1872 the *Union Syndicale*, composed of twelve syndicates, was formed.* During the period 1872-9 the syndicates were purely economic organizations working for higher wages and the improvement of working-conditions. In 1879, however, they were invited to take part in the Labour Congress at Marseilles, and after this Congress, which adopted a socialist programme, the syndicates (with the exception of a few who preferred to remain independent) came under the influence of the Guèsdists. Guèsde had at once recognized that it would be of great advantage to the Socialist movement if the support of the syndicates could be obtained. The progress of the Syndicalist movement, however, was retarded by the combination-laws until 1884, when

* For the history of the Syndicalist movement in France up to 1900 see Paul Louis, *Histoire du Mouvement Syndical en France*, Paris 1911; and G. Renard, *Syndicats, Trade-Unions et Corporations*, Paris 1909.

SYNDICALISM IN FRANCE

they were repealed and the movement went ahead rapidly. A National Federation of the French syndicates was formed at a Congress held at Lyons in 1886; this included not only the syndicates of the old Union, but also a great many which had been established after the repeal of the combination-laws. This Congress, which was completely under the influence of the Guèsdists, declared the Federation to be one of the wings of the Socialist army. At the time when the National Federation was created the syndicates were in no way centralized, but shortly afterwards the syndicates began to combine—the syndicates of the same trade into Federations, and the syndicates of the same locality into Labour Exchanges. As a matter of fact, this double movement was one of the causes which led to the dissolution of the National Federation.

The first Labour Exchange was established in Paris in 1887, and by 1892 there were fourteen in existence. These institutions were established not only to prevent unemployment (like British Labour Exchanges) but also to serve as the central organizations for the syndicates in a town or district. At a Congress held at Saint-Etienne in 1892 ten of the fourteen Labour Exchanges formed the Federation of Labour Exchanges (*Fédération des Bourses du Travail*). To judge from its programme this Federation was a purely economic body, but it soon became clear that its creation threatened the position of the National Federation of Syndicates—a danger which was realized not only by the threatened body itself but also by the Guèsdists. A rupture between the municipal authorities of Paris* and the Parisian Labour Exchange resulted in the closing down of the latter, whereupon the Federation of Labour Exchanges and the National Federation of Syndicates met at a Congress in 1893 to discuss the possibility of strengthening their position by a fusion between the two organizations. The Congress agreed to this, and proposed to create a Central Committee composed of delegates from both organizations. It was proposed that all syndicates should be affiliated either to the federation of the trade to which they belonged or to the Labour Exchange in the locality where they were situated.

The fusion between the two organizations, however, was never carried out owing to the intervention of the *Parti Ouvrier Français*. The Guèsdists especially were anxious to retain their influence over the National Federation of Syndicates, and they were afraid of losing it if the fusion between the two Syndicalist organizations were accomplished. What made the Guèsdists particularly suspicious was the attitude of the two bodies with regard to direct action. The National Federation had already, against the wishes of the Guèsdists, passed

* The Labour Exchanges were supported by public money.

LABOUR POLICY

a resolution in favour of the general strike as a means of realizing a new social order. The resolution was drafted by M. Pelloutier, the prominent head of the Labour Exchanges. The Guèsdists naturally feared that a policy of direct action on the part of the Syndicalist organizations would divert their interest from parliamentary and electoral policy, and the *Parti Ouvrier Français* therefore considered it necessary to prevent a fusion of the whole Syndicalist movement. Subsequent events showed that the fear of the Guèsdists was well-grounded. The Syndicalist Congress held in Paris in 1893 had formed a committee of nine members for the purpose of preparing for the general strike. Nevertheless there was no real unity between the two Syndicalist organizations, the Guèsdists being in a majority in the National Federation. The rupture between the two bodies was completed at the Congress held at Nantes in 1894. They were both anxious to come to an agreement, but as neither would give way each summoned its members to a separate Congress. The Labour Exchange of Nantes, supported by both organizations, acted the part of conciliator, and suggested that it would be much better and more sensible to hold a Congress in common; this was in fact the only way of arriving at an agreement. The proposal was accepted by both organizations after some hesitation on the part of the National Federation. At the ensuing Congress the Guèsdists expressed their strong disapproval of the general strike; but their influence was insufficient, and a resolution in favour of the general strike was carried by 67 votes to 37. The result was that the Guèsdist majority of the National Federation left the Congress. The National Federation was too enfeebled by the defection of the Guèsdists to last long; it held a Congress at Troyes in 1895 but was dissolved soon afterwards.

The unity of the Syndicalist movement was ratified formally at the Congress of Limoges in 1895, when the *Confédération Générale du Travail* (C.G.T.) was formed. At this Congress 28 Federations of Syndicates, 18 Labour Exchanges, and 18 Syndicate Chambers were represented, and it was decided that the Confederation should be composed of the following organizations: (1) Syndicate Chambers, (2) Labour Exchanges, (3) Local Federations of Syndicates of different trades, (4) Departmental or District Federations of Syndicates, (5) National Federations of Syndicates of different trades, (6) National Unions or Federations of Syndicates in the same trade, (7) Industrial Federations uniting similar trades, (8) the National Federation of Labour Exchanges. The influence of the C.G.T. was not very great during the early years of its existence in consequence of the activity of the powerful Federation of Labour Exchanges, but when their energetic leader, Pelloutier, died in 1900, a new period began for the

SYNDICALISM IN FRANCE

C.G.T. At the Congress of Montpellier in 1902 the Federation of Labour Exchanges decided to submit to the complete control of the C.G.T., and the fusion between the two national organizations was completed by January 1903.

The Confederation was, from the beginning, a purely economic body with the sole object of uniting the workers in their struggle for complete emancipation. The affiliated organizations were to stand outside all political parties.* Congress after Congress passed resolutions in favour of purely economic action, but it was clear that an organization like the C.G.T., which in itself is of high political importance, could not in the long run refrain from active participation in the political questions of the day. It was not long before the Confederation, in the same way as the political parties, divided into groups of *Reformists* and *Revolutionaries*. The differences between these two sections of Syndicalists appear clearly from the debates and resolutions of the Congress held at Bourges in 1904.†

The Reformist minority, which was made up chiefly of the delegates from the Federations of compositors, tobacco-workers, and railway servants, considered that any violent action on the part of the syndicates would be opposed to their interests. They did not believe in the transformation of society by a violent revolution which would only call forth reprisals from the *bourgeois* government. On the other hand they were in favour of social reforms, peaceful agreements with employers, the establishment of workers' councils, and the organization of friendly societies for the self-help of the workers. They considered parliamentary and municipal activity a preparation and education for the final realization of the Syndicalist order of society.

The Revolutionary Syndicalists were, however, in a large majority at the Congress. They declared that it was impossible for the suppressed working-class to co-operate in any way with the capitalists. They must rely upon their own strength only. Co-operation of any kind with the *bourgeois* State would, in the end, lead to nothing. They were not opposed to social reforms or to the improvement of working-conditions, but such measures were of temporary value only, and would never lead to the emancipation of the proletariat. The attitude of the Revolutionary Syndicalists with regard to the eight-hours-day is characteristic. They invited the syndicates to initiate propaganda to induce workmen not to work more than

* This did not, however, prevent individual members of the syndicates from being members of the Socialist organizations.

† *Cp.* Paul Louis, *Ibid.*, pp. 248 *seq.*

LABOUR POLICY

eight hours a day, after May 1st 1906, and to recommend that they should adopt the simple process of quitting work on the lapse of this time.* This belief in the power of enforcing a reform entirely by the decision of the workers themselves is typical of the French Revolutionary Syndicalists.

At the beginning of the present century the Socialists made great efforts to place the Syndicalist movement under Socialist control. Some of them maintained that Socialism and Syndicalism were kindred policies with the same object—the overthrow of the capitalist system—and that Syndicalism was merely another method for realizing the Socialist society. The Guèsdists, however, declared that the “direct action” policy of the syndicates was only another rendering of the capitalist order and could never lead to the overthrow of existing conditions. The Syndicalists, irritated by this and similar arguments, and supported by their paper, *La Voix du Peuple*, prepared to get rid of the socialist influence for ever.

The great battle between Syndicalists and Socialists was fought at the Congress of Amiens in 1906. The fight was opened by the Guèsdist Federation of Textile Workers which proposed a resolution calling upon the Congress to declare that it was interested in the passing of laws whose object was to improve the social conditions of the working-classes and to help them in the struggle against the capitalist class. The resolution also said that the Congress should invite the syndicates to take steps whereby the opponents of the above type of legislation should be prevented from exercising the political power of the country. The working-class should support first of all the candidates of the Socialist Party at the elections, and the Executive Committee of the Confederation should co-operate with the National Council of the Socialist Party in all questions of social reform.† These were, in the main, the terms of the resolution proposed by the Guèsdist textile workers. The Reform Syndicalists, on the other hand, proposed that the French Syndicalist movement should adopt the policy of British Trade Unionism at that time, viz., to maintain the independence of the political parties, pursue an independent economic policy with a view to the improvement of working-conditions, and organize parliamentary action for the purpose of obtaining social reforms. The resolutions both of the Guèsdists and of the Reformists were lost by large majorities. The resolution of the Revolutionary Syndicalists, moved by the secretary of the C.G.T., M. Griffelhues, was carried instead, and by the overwhelming majority of 824 votes to 3.‡ According to this resolution

* Cp. L. Jouhaux, *Ibid.*, 138.

† Cp. *Ibid.*, p. 143.

‡ Cp. *Ibid.*, pp. 147-8.

SYNDICALISM IN FRANCE

the C.G.T. should keep itself outside all political parties and work only for the abolition of the wage-system. With this object the C.G.T. should work, on the one hand, for immediate social reforms aiming at better working-conditions, higher wages and shorter working-hours ; and, on the other, for the complete emancipation of the working-class by means of the general strike. The individual members of the syndicates should have complete freedom of political activity outside the syndicates, but they should not take part in any political propaganda inside the syndicates. The Congress declared it necessary, in order that the Syndicalist movement should have the maximum of effect, that the action of the syndicates should be purely economic, i.e. directed against the employers only. The C.G.T. and the syndicates should, therefore, have nothing to do with political parties and sects which might adopt a policy of their own for the transformation of society.

The result of the Amiens Congress is important. At this Congress the Syndicalist movement in France not only separated itself completely from other parties and schools of thought but also established its real object. It was there proved that French Syndicalism was not, as it was often accused of being, a loose collection of anarchic methods used haphazard for the realization of any sort of social revolution, which would mean the abolition of private property. On the contrary, the Congress laid down the fundamental principle of Syndicalism, namely the establishment of a new social order based upon the syndicate. This was far more important than any resolutions with regard to direct or indirect action. After 1906, but not before, French Syndicalism had a clear and definite object and from this time onwards it became an independent social movement distinct from Socialism.

The Socialists were indefatigable in their efforts to gain the favour of the Syndicalists ; the Guèsdists at least do not seem to have been much discouraged by the resolution of the Amiens Congress, and endeavoured to bring pressure to bear upon the C.G.T. Thus they proposed at the Congress of the Socialist Party at Limoges in 1906 that the C.G.T. should be invited to appoint delegates from their Executive Committee to a permanent Socialist-Syndicalist committee, to which the National Council of the Socialist Party should elect the Socialist delegates. They also proposed that temporary Socialist-Syndicalist committees should be appointed to inquire into and determine the joint-policy in special matters relating to Labour. In the event of the C.G.T. refusing the Guèsdists suggested that the Socialist Party should open negotiations, behind the backs of the C.G.T., with the National and Departmental Federations affiliated to the C.G.T. for the purpose of persuading them to pursue a separate

LABOUR POLICY

policy in co-operation with the Socialist Party. The adoption of such a course would undoubtedly have led to an increase in, rather than a diminution of, the dissension between Socialists and Syndicalists. The Guèsdist proposal was negatived, however, and a resolution moved by Jaurès and supported by the Blanquists was carried instead. This resolution invited all workmen to do their best to remove the existing difference between the C.G.T. and the Socialist Party. The necessity for joint-action between Socialists and Syndicalists was emphasized, and it was pointed out that, having regard to the principal object of the Syndicalist movement as formulated at the Syndicalist Congress of Amiens, the aims of Syndicalism and Socialism were the same.* This seems to be a rather startling and misleading statement as the Syndicalist Congress had declared itself in favour of a Syndicalist order of society, which, as we have seen, is an entirely different thing from the Socialist State. This was realized fully by the Syndicalists, and nothing would induce them to give up their independence. At the Congress held at Le Havre in 1912 they strongly maintained the attitude they had adopted in 1906, as is shown by the following resolution :

"Syndicalism, the offensive movement of the working-classes, by the voice of its representatives, alone authorised and united in Congress, once more asserts itself and decides to preserve its autonomy and independence which have been its strength in the past and which are the pledge of its progress and development in the future."†

The Socialist Party and the General Confederation were thus completely independent of each other, Syndicalism representing mainly the economic, and Socialism the political side of the Labour movement. The Syndicalists, however, gradually began to form their own programme for immediate reforms, thereby turning the C.G.T. into a combined political and economic body, limited to direct action. As a matter of fact both the Socialist Party and the C.G.T. were working separately for the same immediate reforms, and so afforded each other a certain measure of support, more or less in spite of themselves. It is clear, however, that the Labour movement as a whole could not, by this independence on the part of its different sections, make the same progress as it would have done by an effective co-operation between them.

The French Syndicalist movement gradually became more political in character. This appears most clearly perhaps in the attitude of the C.G.T. with regard to the military question. The army was

* Cp. *Le Parti Socialiste et la Confédération du Travail, Bibliothèque du Mouvement Socialiste V*, Paris 1903, p. 6.

† The text of the resolution quoted by L. Jouhaux, *Ibid.*, p. 152-3.

SYNDICALISM IN FRANCE

considered detrimental to the working-class, not only on account of the length of time spent on military service and of the great expense its maintenance caused the country, but also because its very existence was inimical to international peace—a theory much favoured by the Syndicalists. But this was not all. The military organization was one of the strongest supports of the present *bourgeois* society, a fact which was exemplified when the *bourgeois* government employed military force to keep order during strikes. The C.G.T. consequently organized anti-militarist propaganda all over the country*, and it was decided that the working-class should meet a declaration of War with a general strike, which would naturally apply also to the soldiers. In this way the Syndicalists thought that they would be able to prevent War. History has shown that these aspirations were without foundation, for immediately, nay before, the soil of France was invaded the syndicalist anti-militarism was blown to the four winds of heaven. The workmen and artisans flocked eagerly to the colours, and the Syndicalist leaders themselves loyally offered their services to the Government. National sentiment showed itself to be far stronger than class-feeling.

A few days after the Armistice was concluded the C.G.T. issued its *programme of minimum demands*, which was approved by the *National Committee* of the Confederation (C.C.N.) at a Congress held in Paris in December 1918†. This was quite as much a political programme as any of the programmes of the Socialist Party. The first part was devoted to the question of the peace-conditions, emphasizing President Wilson's fourteen points and the establishment of the League of Nations. The Confederation also declared itself opposed to any economic war and to all reprisals for the purpose of vengeance. An indemnity, however, should be paid for damage caused by the Germans on French territory. Further, the Congress declared that the reconstruction of the devastated territories should not be left in the hands of private employers who would only endeavour to make money out of the misery of other people. Instead, reconstruction should be carried out by joint bodies of producers and consumers. These and similar proposals form what we may term the temporary part of the programme which was concerned directly with conditions arising out of the War.

The permanent part of the programme, dealing with social and economic reforms, is worthy of a more detailed consideration. First of all the C.G.T. demanded unlimited right of combination, complete freedom of speech and of the press, and the inauguration of political amnesty. These points, as will be remembered, were also adopted

* Before the War the C.G.T. issued a soldiers' year-book which had a circulation of more than 100,000 copies.

† *Cp. Report of the Congress of the C.G.T. held at Lyons in 1919*, p. 28, seq.

LABOUR POLICY

in the programme of the Socialist Party. Secondly, the Confederation demanded the complete recognition of the rights of the syndicates, even when they included State-employees. This point appeared also in the Socialist programme. The C.G.T. considered that the working-time should be reduced in all manufacturing industries and for agricultural labourers to 8 hours a day. It should be noticed that the Socialists did not fix the minimum working-time in their programme, but suggested a reduction in proportion to the industrial development of the country.

An important point in the Syndicalist programme is that which concerned the workmen's share in the management of industry. The C.G.T. proposed the establishment of economic councils in the departments, under the leadership of a National Economic Council (*Conseil Economic du Travail*) on which members of the C.G.T. and of the syndicates should be represented. The object of these councils should be to direct the economic reorganization of the country. This reorganization should aim at the most effective and continuous development of the national resources. To attain this object it was essential that general and technical instruction should be unrestricted and free to all classes, so as to give all capable men and women an opportunity for pursuing their education or training in the particular subject or branch for which they were most suited. Full use should be made of inventions and discoveries. All voluntary restriction of production on the part of the employers, and all overworking of the employees, should be avoided. *Collective property** should not be given away by the State to private persons by means of concessions without stringent control. A very important part of the programme, which in reality marked the difference between this programme and that of the Socialists, was concerned with the question of State-control in industry. The C.G.T. recognized that it would not be desirable for the State to extend its industrial activities too far, as it would then do away with private initiative and competition, which are essential in maintaining the industrial life of the country at a high standard. At the same time, it was argued that the State must intervene whenever and wherever private employers controlled the market by monopolies, or where they exploited collective property for their own advantage. The State should not interfere with the distribution of revenues unless the dividends, insurance against risks excluded, exceeded the normal rate of interest. The utilization of collective property and monopolies should, so far as possible, be taken over by the departments, the municipalities, co-operative societies, or, more especially, by new collectivist institutions in which both producers

* This term is used to denote the natural resources of the country.

SYNDICALISM IN FRANCE

and consumers should be represented. The organization of such bodies should be taken in hand and supported by the State.

It is interesting to notice that French Syndicalism is not directly opposed to private ownership (as Socialism is), but only to private ownership when it is, according to syndicalist principles, either misused or unjust. Misuse arises when private enterprises make excessive profits or control the market by monopolies, thereby oppressing the consumer ; injustice occurs when private persons are allowed to exploit mines, water-power, and other national sources of wealth.

The programme of the C.G.T. also included proposals for an effective system of insurance against unemployment, sickness, incapacity for work, and old age, together with recommendations against the use of intoxicants. The necessity for extending and improving the laws relating to safety and health in all kinds of manual industries was emphasized. Finally the programme advocated the abolition of all taxes and duties on the necessities of life, as food, clothing, light and fuel.

This programme is of more than ordinary interest as it shows the highly illogical position of the French Syndicalists. They demand that reforms shall be carried through by parliamentary measures although they are utterly opposed to and entirely disapprove of such methods of obtaining reforms. If they recommend, nay insist, that certain reforms shall be carried out by the usual parliamentary methods, why are they unable to support the Socialists in their efforts to obtain the same or similar reforms by parliamentary activity, or why do they not organize a Syndicalist parliamentary party in order to facilitate the passing into law of their demands ? The explanation of the syndicalist attitude seems to be that the general opinion among the working-class has forced the Syndicalists to set up a programme of immediate reforms, as being of more practical utility than the ultimate aims of Syndicalism, even though such a programme conflict with the theory of Syndicalism.

The general principles and methods of French Syndicalism were settled by the Congress of all the societies affiliated to the C.G.T. which was held in September 1919 at Lyons. This was the first complete Syndicalist Congress to be held since the outbreak of War ; 48 National Federations, 68 Departmental Unions and 2,025 syndicates (representing altogether more than 2 million workers) sent their delegates to it. Undoubtedly this Congress forms one of the most important landmarks in the French Syndicalist movement, not only because the working-class in France had never before been represented in such large numbers at any Labour Congress, but also because the principles of modern Syndicalism were laid down,

LABOUR POLICY

previous Congresses having given only isolated hints as to its real aims. But this Congress was destined to mark also the highest point in the development of the Syndicalist movement, for after this date certain circumstances caused a decline to set in.* The main syndicalist principles were laid down by the Congress in a resolution dealing with the transformation of society.†

The first part of the resolution contained the following sentence which has since become famous: "Le Travail entend être tout parce que les autres facteurs de la Société ne sont que ses subordonnés ou ses parasites." The meaning of this declaration was very clear. The Syndicalists claimed the whole political as well as economic power of society. They could not, therefore, accept the present *bourgeois* State or adopt parliamentary methods; but they aimed at a complete reconstruction of society in order to put Labour in control of everything. Moreover this revolution was to be effected by direct action only. It was argued that as society was based upon economic and not upon political conditions direct action must be more effective than indirect. The Congress declared itself in favour of the nationalization of all the means of transport, the mines, the water-power, and the large banking-institutions. By "nationalization" the Congress did not, however, mean "the taking over by the State," which would only create a monopoly and a powerful bureaucracy, but "the taking over by independent groups," i.e. syndicates where producers as well as consumers would be represented. It is important to notice that the Congress did not by "producers" mean manual workers only, but included engineers and other brain-workers under this heading.

The above principles form the basis of French Syndicalism. It has been said that French Syndicalism is the same as British Trade Unionism, because a *syndicat ouvrier* is the same as a trade-union. This argument is rather weak. In fact the term "trade-union," from which Trade Unionism derives its name, implies originally something totally different from the conception "*syndicat ouvrier*." The sole aim of the British trade-union was the amelioration of the conditions under which the working-classes lived and worked in the existing society, while the French syndicates aim not only at the improvement of working-conditions, but also at the overthrow of the present social order and at its replacement by a society under the

* Cp. p. 59.

† Cp. *Report of the Congress*, p. 253, seq. The resolution was carried by 1,633 votes to 324.

SYNDICALISM IN FRANCE

complete control and power of the working-class. This revolutionary character of Syndicalism dates as far back as 1879. Trade Unionism, as a social and economic movement, distinguished from Marxian Socialism, Syndicalism, and so-called Guild Socialism, has never aimed at the complete transformation of the existing social order.

The Syndicalist movement is apparently well-organized under the leadership of the C.G.T., but in reality there is, in its organization, a great deal of decentralization, which is so pronounced that it has become one of the characteristic features of French Syndicalism. There are many syndicates which do not accept the general principles of the C.G.T., particularly the old Guèsdist syndicates. Moreover, strikes are very often conducted by the Chambers of Syndicates themselves, without the consent or support of the C.G.T. ; and sometimes the syndicates refuse to join in strikes organized by the C.G.T. There is not the same discipline within the Syndicalist movement in France as there is, for instance, in the trade-union movement in the United Kingdom or in the Scandinavian countries ; this lack of centralization and discipline is responsible largely for the repeated failure of strikes in France. Centralization is opposed to the principle of Syndicalism, one of the objects of which is to confer autonomous powers on the separate syndicates. But there is no doubt that decentralization is a very weak spot in the organization of the Syndicalist movement. It is, therefore, most probable that the French Syndicalists will be compelled sooner or later to modify their doctrines so as to give the central body a more prominent place in the system. It has been recognized that this would strengthen the French Syndicalist movement, and tendencies in this direction can be seen. The fact that syndicates of the same industry or trade have organized themselves into National Federations shows that the Syndicalists are inclined to abandon the principle of small self-governing groups in favour of the socialist principle of centralization. This is not all. The Craft Federations have very often combined with the National Federations of syndicates in the same trade or industry. The newly-created Agricultural Federation is a typical example. Also the Labour Exchanges, uniting syndicates of different trades in the same locality, have begun to combine into Departmental Unions. It is significant, too, that according to a decision of the Congress held at Paris in 1918, all syndicates affiliated to the C.G.T. must join the National Federation of their trade and the Union of their department, and must, in addition, subscribe to the confederate organ *La Voix du Peuple*. The real centralization of the French Syndicalist movement, however, has only just been started, and the organization has not yet acquired sufficient strength

LABOUR POLICY

to secure central control. It must be understood that the tendency in France towards centralization is not due simply to a change in the general outlook of the Syndicalists, but is largely a result of industrial development. So long as the organization of industry was mainly local the syndicates carried on their struggle on local lines, but as industry developed and became more national in its scope the syndicates began to centralize. Yet French Syndicalist organization is, in this respect, still far behind trade-union organizations in England and the Scandinavian countries. However, the creation, in 1918, of the *National Committee* of the Confederation, with its subordinate bodies, the *Administrative Commission*, the *Control Commission* and the *Confederal Bureau*, was a distinct step towards stronger centralization. The Executive Committee of the C.G.T. was merely an advisory body, but on the creation of the National Committee that body was authorized to receive subscriptions from the syndicates and to call them out on strike. Whether the syndicates always submit to the decisions of the Committee is another question; indeed, we know from experience that the reverse very often happens.

The disadvantage of decentralization from the syndicalist point of view was never proved more clearly than during the general politico-economic strike of May 1920, the complete failure of which was one of the hardest blows ever dealt to the Syndicalist movement. In fact, the result of this strike is of the most vital importance not only to the Labour movement in France but also to the Labour movement in other countries. It proved definitely that direct action (particularly when it is badly prepared and unbalanced) which is aimed against society as a whole, in order to force through social reforms, is detrimental to the Labour movement itself.

The general strike of 1920 was not called for by the C.G.T., but by the extremists of the Federation of Railway Servants. As early as 1919 there had been a good deal of unrest among the railwaymen for different reasons, and there was general discontent among them as to the management of the private railway companies. Several strikes had been in progress, and the last of them, previous to the general strike, was terminated on March 1st 1920 after arbitration, the award being given by M. Millerand, at that time Premier. The extremists among the railwaymen, however, were dissatisfied with the award, and started propaganda in favour of immediate nationalization of the railways. It was not long before the majority of the Federation was brought over to the side of the extremists, and at a Congress held on April 25th at Auber-

SYNDICALISM IN FRANCE

villiers the following resolution was carried*: "The Congress has agreed unanimously upon the following general demands presented by the Federation: (1) Nationalization†. (2) Reinstatement of employees dismissed during the previous unrest. (3) Termination of judicial proceedings against certain railway employees. (4) Recognition of the rights of the syndicates. The Congress proclaims a general strike on all these lines, delegating to the Federal Committee the power of fixing the date of opening the strike, and requesting it to consider the advisability of choosing the 1st of May as an appropriate date, provided that this is approved by the C.G.T." As a matter of fact the C.G.T. had intended to proclaim a general cessation of work in all industries throughout the country on May 1st for 24 hours only, as a demonstration in favour of nationalization. The decision of the Federation of Railway Servants was, therefore, both unexpected and inconvenient, and did not, after all, correspond to the wishes of the C.G.T. The Federation claimed the support of the C.G.T. for an order for a general strike. The Administrative Commission of the C.G.T., at the head of which was M. Jouhaux, recognized fully the unsuitability of the date chosen and the danger of plunging the working-class into an unlimited general strike without sufficient preparation and without even knowing the demands to be put forward. Nevertheless the C.G.T. finally gave way to the demands of the Federation. The combined plan of the C.G.T. and the Federation was, in the main, as follows: The railwaymen were to go out on May 1st; the C.G.T. would declare dockers, sailors, and miners on strike from May 3rd; and the rest of the workers in the country were to remain at work. The intention was that while the railway-strike stopped the transport of food, and the sailors and dockers prevented provisions and other commodities from leaving the ports, the rest of the workers should continue to work in order to consume as much as possible and thereby to diminish the stocks of food and other necessities as rapidly as possible. In this way the C.G.T. hoped to make the situation critical in a few days and so compel the Government and the employers to come to terms. These calculations were at fault. Not only was the resistance of the *bourgeois* class left out of con-

* *Report of the Administrative Committee of the C.G.T. to the Congress held at Orleans Sept.-Oct. 1920*, p. 35. For the development of the strike compare further C.G.T. *L'Action Confédérale et la Grève des Cheminots*, Paris 1920; Jean Brécot, *La Grande Grève de Mai* 1920, Paris 1920; articles in the daily press in May and June, and in *La Voix du Peuple*.

† It was not stated clearly whether by nationalization the Federation meant merely State-purchase of the railways. This is regarded by the Syndicalists as socialistic nationalization or *nationalisation étatisée*. By nationalization the Syndicalists generally mean the taking over by the syndicates.

LABOUR POLICY

sideration, but also the effect of the decentralization of the Syndicalist movement. The railwaymen in the north and some of them in the western districts refused to obey the strike-order, as did also the miners in the north and the employees of the main underground lines in Paris. Far more serious than this defection on the part of the workers was the proclamation of a counter-strike against the decisions of the C.G.T. by those syndicates who had never been asked to join the strike. This shows clearly the weakness of the disciplinary influence exercised by the C.G.T. upon the affiliated syndicates. The bus-traffic and road-transport were organized by the members of the "yellow," or anti-strike syndicates, and by the *bourgeois* class and it soon became evident that the plan of the C.G.T. to starve society into submission was doomed to failure.

The policy of the Government changed on May 11th. Some of the strike-leaders had already been arrested on May 3rd and later, but in the main the Government merely watched the development and progress of the strike. When, however, the strike had lasted for a week, M. Millerand decided to bring the ever-increasing movement to an end, and the Cabinet ordered the institution of legal proceedings against the C.G.T. with a view to its dissolution; these proceedings were taken under the Act of March 21st 1884 which limited the object of the syndicates and unions of professional syndicates exclusively to the study and defence of their economic, industrial, commercial and agricultural interests. The same Act empowered the legal authorities to dissolve such syndicates or unions in the event of any infringement by them of the law under which they existed.* The Government naturally did not consider the object of the strike to be the safeguarding of the economic interests of the syndicates involved, but regarded it as a purely political movement aiming at a political reform of which neither the Government nor Parliament was in favour. The attitude of the Government appears clearly from the following statement which M. Millerand made to the representatives of the Press: "The C.G.T. is a power which claims to set itself up against the public authorities in order to obtain the triumph of its pretensions by stopping the life of the country, and profoundly upsetting the habits, needs and interests of the public. The law of 1884 was not passed in order to render that possible. . . . The C.G.T. insists, against the will even of the great majority of its own members, in placing itself above the law. It has no more right to do this than has any other organization in the country."† The firm attitude of the Government which threatened to destroy the whole Syndicalist organization; the presence of mind of the *bourgeois*

* *Cp. the Act*, sections 3, 5 and 9.

† *The Morning Post*, May 12th, 1920.

SYNDICALISM IN FRANCE

class which, by its efforts, made the strike ineffective and even turned it against the strikers themselves (many shopkeepers, for instance, refusing to sell goods to strikers) ; the gradual return of the strikers to work unordered by the C.G.T. or their syndicates ; all combined to make the position of the C.G.T. untenable. On the twentieth day of the strike the National Committee of the C.G.T. decided to bring the general strike to an end, but to continue and support the railway-strike. This latter strike, however, also terminated after a struggle of only a few days' duration.

What were, then, the results of this strike ? In the first place, none of the claims advanced were conceded. Whether the general strike had in view the scheme of nationalization adumbrated in the programme of the C.G.T., or whether its intention was merely to support the demands of the Federation of Railway Servants, was never quite clear. In any case no claim whatever was met. Furthermore, the strike threw 20,000 men out of employment, and many employers refused to reinstate the strikers. Other results were the imprisonment of the strike-leaders, the extension of the "yellow" Syndicalist movement, and the loss of prestige by the C.G.T. among the working-class of the country (its membership sank from 2 millions at the Congress of Lyons in 1919 to approximately 1 million at the Congress of Orleans in 1920). But this was not all. The working-class in particular and the country as a whole suffered very considerable economic loss at a time when every effort was urgently needed in order to enable the country to recover from the incalculable loss caused by the War.

This general strike provides many useful lessons. First of all it shows the danger into which general strikes bring the working-class. It also shows that even if the leaders of the central syndicate-body, in collaboration with the separate syndicates and federations or unions of syndicates, proclaim a general strike, it is not therefore certain that they have the general support of the working-class behind them. A strike which is proclaimed without the whole-hearted adherence of the workers themselves is certain to fail. This had already been pointed out by Jaurès as early as 1901 in respect of the general strike.* He stated emphatically that a strike can never succeed unless the workers engage in it with ardour and enthusiasm, and that this, in turn, will never happen unless the demands made are of great immediate importance and unless there is some possibility of their being conceded. Not one of these conditions obtained in the general strike of 1920. The aims were vague and distant, and the workers never quite believed in the possibility of their attainment. The strike was proclaimed at a time when the

* *L'Action Confédérale et la Grève des Cheminots*, p. 40.

LABOUR POLICY

country needed to throw all her forces and energies into production. It was, therefore, from the beginning thoroughly anti-national, and highly unpopular—circumstances which strengthened the resistance of the Government and the *bourgeois* class and created opposition in the ranks of the workers themselves. One of the most important lessons to be learned is that the general strike as a political weapon is of very doubtful value, because whilst injuring the *bourgeois* class it hits also (and much harder) the strikers themselves. Therefore it may be taken as a foregone conclusion that the workers will have to abandon their struggle before they are able to force the *bourgeois* class to submit. As a matter of fact the general strike is one of the surest ways of injuring the working-class and of strengthening the position of the *bourgeois* class. This is the important lesson that the French general strike has taught modern politicians and Labour leaders.

The general strike deprived the C.G.T. of half its members. Its failure was, indeed, a severe blow to the Syndicalists. However, they tried hard to make the best of a bad business by arguing that the movement showed great internal strength by surviving such an ordeal at all. There is no doubt that the Socialists were satisfied and secretly pleased at the failure of the Syndicalists, and it was not long before they renewed their efforts to bring the Syndicalist movement under Socialist control. They pointed out that France was the only country where the political and the economic Labour movements were separated, and they were even willing to make certain concessions to the syndicalist principles in order to establish a common platform for both movements. The question of joining the Third International of Moscow had been raised among the syndicates, and the Socialist Party took advantage of this to invite the Syndicalists to unite with them under the auspices of the International.

The attitude of the Syndicalists with regard to both the Socialist Party and the Third International was decided at the Congress which was held at Orleans from September 27th to October 2nd 1920. The chief representative of the minority, which approved of affiliation to the Third International, was Frossard. The leader of the majority, which advocated strict adherence to the programme of Amiens, was Merrheim. From a lengthy debate between these two speakers, to which both majority and minority listened with close attention, it appeared that neither was in favour of Socialist control of the Syndicalist movement. Frossard, however, declared that the Syndicalists ought to take part in parliamentary activity. He did not believe that it would be possible for the Syndicalists to realize their aims by means of direct action only, and proved that

SYNDICALISM IN FRANCE

the Socialist parliamentary candidates were often returned by Syndicalist workers in their constituencies, and that consequently the Syndicalists really carried on political activity, though without the consent or approval of the Syndicalist leaders. The result of the Congress was that the majority-resolution in favour of strict adherence to the Amiens programme was carried by 1,478 votes to 602. The Congress of Orleans, also by a large majority, rejected any co-operation with the Socialist Party as well as any affiliation to the Third International.*

At the end of October 1920 the Government prosecuted the C.G.T. through its officials, the general secretary M. Jouhaux, the three assistant secretaries, and the treasurer. Action was brought against the C.G.T. for infringement of the previously-mentioned Act† by admitting lower-grade civil servants (with the result that Government clerks demanded higher salaries) and other non-manual workers into the syndicates. The Attorney-General regarded both the campaigns opened by the C.G.T. in favour of political amnesty and against French intervention in Russia, and also the organization of political strikes, as infringements of the Act. The penalty incurred by such infringements of the Act was either the infliction of fines up to 600 francs, or complete dissolution of the Federation, or both. Judgment was delivered on January 13th 1921 by the Eleventh *Chambre Correctionnelle*. The dissolution of the C.G.T. was ordered and a small fine inflicted on each of the trustees of the Confederation.‡

This judgment did not abolish the central Syndicalist body in France for ever. It did lead, however, to a reconstruction of this body and to the exclusion from its ranks of certain objectionable individuals. On February 11th 1921 the National Committee of the C.G.T. decided (by 88 votes to 31) to expel from the Confederation all members who belonged to the Revolutionary Syndicalist Committee which is affiliated to the *International Council of Trade and Industrial Unions of Moscow*.§ In view of the serious situation in the labour market and the rapid growth of the opposition the National Committee, however, found it difficult to carry its resolution into effect and decided to refrain from drastic action. The Revolutionary Syndicalist Committee (formed after the Congress of Orleans and then representing 602 votes) at the Congress of Lille held in July 1921 secured no less than 1,352 votes as against the

* Cp. *L'Humanité*, October 3rd, 1920.

† Cp. p. 58.

‡ *The Morning Post*, Jan. 14th, 1921.

§ This Council is working in conjunction with the Executive of the Third International.

LABOUR POLICY

1,572 votes cast by the majority in favour of the Amsterdam programme and of continued affiliation to the International Federation of Trade Unions. After the Lille Congress the Revolutionary Committee increased its activity, gradually undermining the position of the Right Wing, and depriving it of an increasing number of adherents. Naturally the National Committee could not silently consent to this disbanding of its own forces, and in September 1921 it definitely expelled all members who were found guilty of working for the disintegration of the Syndicalist movement.* The rupture between the Right Wing and the extremists was complete when the Revolutionary Syndicalist Committee summoned a Congress of its own, with the avowed purpose of consolidating and uniting the Syndicalist movement. Simultaneously the Secretary of the Moscow International Council appealed to the Executive of the Amsterdam International for its assistance in bringing unity into the Syndicalist movement in France. The answer was a request to the Moscow Council that it should cancel the proposed Congress of the French Revolutionary Syndicalists—a demand which never resulted in any action on the part of the Council. The Congress, which was held in Paris, December 22nd to 24th, condemned the attitude of the National Committee of the C.G.T. and called for united action against the capitalist attack on wages. The outcome of the Congress, however, was that reconciliation between moderates and extremists was no longer possible, and that, as a result of this, several important syndicates and Federations of syndicates declared themselves independent.† In February 1922 the extremists formed a new Party under the name of the *Confédération Générale du Travail Unitaire* (C.G.T.U.) with a membership of 335,000.‡

The extremist movement among the French Syndicalists has not only been detrimental to the Labour movement as a whole, but it has also retarded considerably the general reconstruction-work of the country. While the leaders of the C.G.T. after the Armistice at once recognized the necessity of increased production, and freely supported the Government's reconstruction-policy, the Revolutionary Syndicalists pursued an unintelligent and ruinous class-war policy. This shows clearly how important it is for the future development of French industry that the Revolutionary Syndicalists should gain no more ground and that the C.G.T. should retain its leadership of the Syndicalist movement. The greater

* According to a statement of the Revolutionary Committee 100,000 members were expelled in this way from the C.G.T.

† *Cp.* Labour Research Department, *Monthly Circular* 1921, p. 46; and 1922, pp. 27 *seq.*

‡ *Le Matin* and *L'Echo de Paris*, March 7th, 1922.

SYNDICALISM IN FRANCE

moderation and enlightenment found in the general outlook of the Confederation since the War are due partly, no doubt, to the admittance of brain-workers to its ranks. The latter play a considerable part in the movement at the present time, and do their best to clear away the more fantastic ideas of Syndicalism which are the products of loose thinking by untrained minds.

CHAPTER V

SOCIAL AND ECONOMIC CONDITIONS IN SWEDEN

HALF a century ago Sweden was a pronouncedly agricultural country, and more than two-thirds of the population were dependent for their livelihood upon agriculture.* Since then manufacturing industry has developed enormously. The value of its annual output had increased twenty times by 1914 and sixty times by 1920, while the population dependent upon manufacture has been more than trebled. The factory-workers have been recruited very largely from the land-workers, many of whom wanted to profit by the higher wages offered in the workshops. To-day not quite half the population is dependent upon agriculture and one-third upon other industries.† In spite of this decrease in the rural population agriculture is still by far the most important industry in the country, and the agricultural population forms the social backbone of the Swedish community.

A large percentage of the rural population of Sweden is composed of peasant-proprietors or lease-holders, with or without the obligation of doing day-work for the landowner.‡ These people, most of whom are manual labourers themselves, are clearly in a totally different position from that of the industrial and manufacturing proletariat. Many of them are employers who work side by side with their servants in the fields, while others work alone or with their families on leased land. They have, however, the status of independent masters; hence their exploitation by capitalists, as in the great industries, is out of the question. Those farm workers who are not independent employers work for the most part under the personal control of the peasant-proprietors on whose premises they live and are boarded. This system, which is similar to that

* Including forestry and fishing.

† *Sveriges Officiella Statistik, Folkräkningen*, 1910, p. 34. The occupational statistics in Sweden differ from those of other countries in that all members of a family are counted as belonging to the same trade or profession as the head of the family so long as they are dependent upon him or supported by him.

‡ The majority of the Swedish landowners are peasant-proprietors. There are altogether 300,000 employers in agriculture. Their sons and daughters amount to the same number and the wage-earners to 400,000. *Législation Ouvrière et Prévoyance Sociale en Suède*, Stockholm 1921, p. 84.

SOCIAL AND ECONOMIC CONDITIONS IN SWEDEN

of the mediæval Guild, is prevalent throughout Sweden even on large farms and estates. Sub-letting to so-called gentlemen-farmers is much less frequent in Sweden than in England, as the big landowners in the majority of cases cultivate their own land with the aid of stewards and foremen. The landowners, therefore, come into closer contact with their workers and show greater personal interest in their well-being than do the majority of other employers. Out of the total 380 members of the Diet in 1900 more than 100 belonged to the peasant-class, most of them having seats in the Second Chamber.* This was the result of the old (before 1866) organization of the Swedish Diet, where the peasant-class for more than five centuries had been represented as the Fourth Estate, the nobility being the First, the clergy the Second, and the burgher class the Third.† While the Peasant Estate of the old Diet was a pronounced class-party, which aimed above all at the advantage of its own class, the peasant-representatives of the two-chamber Diet gradually lost this character of being exclusively class-representatives. In fact peasants have been represented not only in the Agricultural Party (*Landtmanna Partiet*) but also in the Liberal and Conservative Parties. They were, however, united in their action on questions of special interest to the peasant-class as, for instance, that of the abolition of the old taxes on land.‡

The industrial workers in the towns, and the workers in mining and saw-milling districts were, at the beginning of the present century represented inadequately in comparison with the rural workers. This was the result of the limitation of the franchise by property-qualifications which placed the small landowners in a very privileged position. Thus one of the following three qualifications was necessary for the right to vote in elections to the Second Chamber or to be elected thereto: (1) the ownership of an estate worth at least 1,000 crowns; (2) the occupation for at least five years of an agricultural leasehold property worth 6,000 crowns; (3) an annual income of 800 crowns. Numerous workmen in mines, sawmills, factories and workshops were completely excluded by these regulations from exercising any influence upon the political life of the country; on the other hand most peasants were qualified for the franchise. The political subordination of the town-workers to the

* *Cp. Sundbärg, Sveriges Land och Folk*, Stockholm 1901, p. 167. The Second Chamber (*Andra Kammaren*) of the Diet corresponds to the House of Commons and consequently is, according to British terminology, a First Chamber.

† A Diet of this structure was summoned by King Magnus Eriksson in 1359, H. Hildebrand, *Svenska Statsförfattningens Historiska Utveckling*, Stockholm 1896, p. 180.

‡ These taxes were reduced by 30 per cent. in 1885 and completely annulled during the period 1893-1903.

LABOUR POLICY

peasant-class certainly retarded the progress of the political Labour movement in the country for some time, but when the influx of workmen to the towns from the country districts set in and increased rapidly every year it was no longer possible for the peasant-class to retain its leading political position. The long repression of industrial workers also explains the violence of the change by which they replaced the peasant-class in the leadership of the Labour movement. The situation changed from one extreme to the other ; the peasants and farm-workers were not only deprived of their leadership but were for a long period unable to exercise any political influence at all proportionate to their number and importance. There were three main immediate reasons for the political success of the town-workers as compared with the agricultural workers. Firstly, the increase in wages (consequent upon the great development of manufacturing industry) which widened the electorate ; secondly, the extension of the franchise which made it possible for the industrial workers to compete on more equal terms with the farm-owners who had been privileged hitherto ; thirdly, the strong organization of the industrial labourers.

Notwithstanding the fact that the distribution of land is fairly equal in Sweden wealth is very unevenly distributed. According to the official taxation-returns for 1913 nearly half of the entire accumulated wealth of the country was owned by 14,000 of the richest people, and two-thirds of the wealth was in the hands of 110,000 people.* These figures show that the distribution of wealth is considerably more uneven in Sweden than in France. It is, however, important to notice that the distribution of income is far more even than the distribution of accumulated wealth. Thus in 1913 the 15,000 largest incomes were equal to one-fourth of the entire incomes of all tax-payers, and an income equal to half this was drawn by 100,000 people, i.e. by a seventh part of all tax-payers ; the 2,000 richest tax-payers had approximately the same aggregate income as the 200,000 tax-payers whose individual incomes did not exceed £55.† In Sweden the distribution of land is very democratic. Thus the owners of small farms which had a value of less than 20,000 crowns possessed in 1900 more than 69 per cent. (according to value) of the whole private land of the country. Farms of a value of between 20,000 and 50,000 crowns represented 18.5 per cent. of the total value of private land, while farms of a value between 50,000 and 100,000 crowns represented 6.7 per cent, and estates of a value of more than 100,000 crowns about 5.4 per cent.‡

* This estimate is based upon the figures given in the *Statistisk Årsbok för Sverige*, 1920, tables 227 and 231.

† *Ibid.*, table 230.

‡ *Finansstatistiska Utredningen om Sveriges Nationalförmögenhet*, Stockholm 1908, p. 155.

SOCIAL AND ECONOMIC CONDITIONS IN SWEDEN

It is also worth mentioning that out of the total number of farms and estates 85 per cent were farmed by the owners and only the remaining 15 per cent. by tenants.

The value of public property in Sweden was estimated in 1908 at 2,410 million crowns, or about one-sixth of the total accumulated wealth of the country.* Considering the increase in the value of public property it may, according to the taxation-returns, be estimated at some 5,000 million crowns for 1919. Common-lands, except when placed under the administration of some public authority, are not included in the above figures. The so-called *Allmänningar* (common-lands; literally, "all men's lands") are under no such authority, but can be used by any person whatever. Some of these *allmänningar*, which are of considerable extent and value, have been in existence from time immemorial, while others have been established recently in connection with the redistribution of land.

There are few countries where State-activity in industry and production has reached such a high state of development as in Sweden. The Central and Municipal authorities control almost entirely not only the whole railway-, canal-, post-, telegraph-, and telephone-systems of the country, but frequently also the tramway and the gas and electricity in the towns. The Swedish State also conducts a wide-spread business in agriculture and forestry. The net income from the Crown Lands in 1917 was more than 43 million crowns, equivalent to 19 per cent. of the total value of the estates.† The total area of the forests of the Swedish Crown in 1918 was more than 20 million acres with an output of 34 million loads of timber.‡ The Swedish State has also established large water-power stations producing electric power of more than 330,000 h.p.§ Moreover, the State is the owner of several hundred million crowns in stocks and funds and the National Bank is State-property, and is managed under the authority of the Diet.

All this shows to what a great extent the industrial activity of the State has developed in Sweden, a fact which it is important to remember, particularly when considering the problem of nationalization.

Although the formation of trusts and Kartells has not developed in Sweden to the same extent as in the large manufacturing countries there has been a strong tendency towards industrial and financial combination.|| From 1908 to 1919 the number of joint-

* *Finansstatistiska Utredningen*, p. 253.

† *Statistisk Årsbok för Sverige*, 1920, table 243.

‡ *Ibid*, table 88.

§ According to information from the Board of Waterfalls, July 1920.

|| The Swedish Sugar Company is one of the largest trusts in the country.

LABOUR POLICY

stock companies increased two-and-a-half times, while their paid-up capital increased four times. The tendency towards combining is most pronounced among the banks. In 1890 there were altogether 43 private banks with a paid-up capital of 83 million crowns; in 1910 the number of banks was 80, but sank again to 43 in 1919 while their capital increased to 609 million crowns.* Combining has, on the whole, not been opposed by the political Labour movement in Sweden. There are two reasons for this; firstly, the Swedish combines have very rarely been strong enough to eliminate competition and raise prices above their normal rate; secondly, combining has been considered a preparation for the nationalization of industry. The more an industry is concentrated the easier will it be for the State to control it, and the Socialists therefore regard strong combining within an industry as a sign that it is ripe for nationalization.

During the period of great industrial development since 1880 there has been a continuous rise in money-wages. From 1881 to 1910 the money-wages were increased for agricultural workers by 60 per cent., for general labourers by 150 per cent., for wood-workers by 100 per cent., and for building-workers by 80 per cent. Up to the end of last century money-wages increased relatively more than prices of commodities, and the standard of living for the working-classes was considerably improved. Since then, however, the situation has changed. The period 1897-1912 was characterized by exceptionally high prices and during this time real wages remained approximately the same although money-wages increased. The annual wage for a workman in manufacture before the War was approximately £68 6s.† During the War the rise of wages was always a little behind the increase in the cost of living, but immediately after the Armistice the wage-curve began to approach that of the cost of living and passed it at the end of 1919. The rise of wages continued and the average rates were, at the end of 1920, 204 per cent. higher than the pre-War rates, while the cost of living had increased by only 169 per cent. The average wage for a skilled workman was estimated at about 3,600 crowns a year or 13 crowns a day.‡ This improvement in the economic standard of the Swedish working-class was only temporary, however, and the downward movement of wages has already begun. Whether real wages in Sweden will come down to their pre-War level it is difficult to foresee

* *Statistisk Årsbok*, 1920, tables 150 and 151.

† *Statistisk Årsbok*, 1921, table 181, and E. Sommarin, *Ekonomilära II.*, Stockholm 1916, pp. 102, *seq.*

‡ *Législation Ouvrière et Prévoyance Sociale en Suède*, Stockholm 1921, pp. 13, *seq.*

SOCIAL AND ECONOMIC CONDITIONS IN SWEDEN

as it depends very largely upon the wage-movement in other countries.

The Swedish workman is slow to adopt new ideas and is not, like the French worker, easily roused by fiery speeches. It is an often-noted fact in the Swedish Diet that a peasant, talking slowly and with some difficulty in wording his phrases, makes far more impression upon the assembly than a very brilliant and scholarly speaker. He is more typically Swedish and therefore inspires more confidence. A Labour leader must first of all inspire confidence, otherwise he will make no impression upon his audience however eloquent he may be. The Swedish worker, particularly the land-worker, has a wonderful gift of knowing whether a man be of honest intention or not, and he acts accordingly. Therefore, if a man has once secured the confidence of the workers he can make certain of their support for the future. Similarly, if a Swedish worker has once embraced an idea earnestly he will patiently stick to it whatever happens. This explains the solidarity of the Swedish Labour movement, and the fact that Syndicalism and Communism, in spite of extensive propaganda, have won comparatively little approbation among the Swedish working-class. It must be remembered, also, that Socialist centralization and democracy appeal more to the systematic mind of the Swedish workers than does Syndicalist decentralization or Soviet autocracy. Although the Swedish worker has a strong practical sense which makes him turn his attention in the first place to the immediate improvement of his living-conditions, he can also interest himself in reforms which are possible of attainment only in the distant future, and he likes to have the final end of his aspirations clearly defined. This explains the complete unity in the economic and political Labour movement in Sweden.

Two striking features of the Swedish Labour movement have been its bitterness and its anti-intellectual tendency. There is no doubt that the bitter feelings of the Socialists have been due largely to the animosity and arrogance of their political opponents who have denounced them in unmeasured terms as criminals and traitors. This bitterness took the peculiar form of aversion and hostility to everything of an intellectual nature.

Happily a better spirit has prevailed for some time past and the tension between the Swedish Socialists and the other parties has gradually given way to more cordial relations; this result is due partly to the democratization of the Diet by the extension of the franchise, and partly to the able policy of the Socialist leaders, which policy has considerably increased public sympathy for their Party.

CHAPTER VI

THE POLITICAL LABOUR MOVEMENT IN SWEDEN

IN Sweden, at the outset of the present century, the parliamentary representation of industrial workers was very unsatisfactory on account of the property-qualifications in force at that time, whilst the agricultural workers were favoured by the franchise-laws. The industrial and economic development of the country, however, came to the assistance of the industrial workers by raising wages and thereby increasing the number of workers qualified to vote at the general elections to the Second Chamber. The subsequent extension of the franchise increased still further the number of votes from this class of the population. But the great political success of the Swedish working-class during the present century is due in the first place, undoubtedly, to the powerful organization of the trade-unions, which form the real frame-work of Labour representation.

The first trade-union in Sweden was an association of compositors. This union, which was founded in 1846, had the character more of a friendly society whose functions were to provide pecuniary assistance to its members, than that of a trade-union of the modern British type whose principal purpose is to bring pressure to bear upon employers in order to increase wages. It was not until 1880 that trade-unions of this latter type were established in Sweden, although several trade-unions of the first-mentioned type had been founded since 1846. The immediate cause of the formation of the new trade-unions seems to have been the general dissatisfaction among the factory-workers which arose in 1879 when a strike of workers in a sawmill was suppressed by the military authorities.* In 1881 there was a big strike in the building-industry and strike-pay was given to the workmen.

As early as 1882 the trade-unions in Stockholm organized a Central Committee, in order to unite and strengthen the Labour movement, to introduce and effect reforms, and also to act, as a means of communication and co-operation with similar organizations in other countries—much the same aims, in fact, as those of the

* *Report of the Executive Committee of the Swedish Social Democratic Labour Party to the International Socialist and Workmen's Congress in Paris 1900.* Workmen's Printing Establishment, Stockholm 1900, pp. 2-3.

THE POLITICAL LABOUR MOVEMENT IN SWEDEN

General Federation of Trade Unions in England. The Central Committee was a combined political and economic organization and advocated liberal principles. Its programme contained the following points amongst others: (1) Reduction of the working-day to 10 hours. (2) Improvement of the sanitary and safety conditions in the factories. (3) Establishment by the State of a system of old-age pensions. (4) Establishment of Labour Exchanges. (5) Promotion of sobriety. (6) Progressive direct taxation. (7) Introduction of the jury-system in criminal suits. (8) Improvement of public education. (9) Universal suffrage at all political and municipal elections for all adult men of good character.*

The Central Committee, which was thus merely a Liberal reform-institution, soon had to give way to the influence of the more advanced Radical ideas of the Socialist movement. This change was due largely to the great and ever-increasing activity of the Socialist press all over the country. In 1885 a Socialist newspaper, *Tiden* ("The Times"), was launched under the supervision of Herr Hjalmar Branting, the real organizer and leader of the Swedish Labour movement for the last thirty years. The same year *Socialdemokraten* ("The Social Democrat") was founded and published in Stockholm. Herr August Palm, the pioneer of Swedish Socialism, was the first editor of this paper, but he was succeeded in 1886 by Branting. In 1890 the *Socialdemokraten* became a daily newspaper and the leading organ of the Socialist and Labour press all over Sweden, but it was circulated mainly in the central and northern parts of the country. Another important Socialist newspaper, *Arbetet* ("Work"), was started at Malmö to supply the south of Sweden by Herr Axel Danielsson, also one of the pioneers of the Swedish Socialist movement. Still another paper of the same political complexion, *Ny Tid* ("New Times"), was founded in Gothenburg for the west of Sweden. These papers, and a great many others of a more or less local character, started and maintained vigorous Socialist propaganda among the working-class, particularly in the towns and in the great industrial districts. The result was that both the trade-unions and the industrial workers themselves rapidly embraced the new ideas that were preached and disseminated by the Socialist press.

The success of the Swedish Socialist press is particularly interesting when compared with the difficulties and struggles of the Labour press in the United Kingdom. It is remarkable that in Sweden, where industrialism had developed so much later than in England, there was in existence a very vigorous Socialist newspaper as early

* *Landsorganisationen i Sverige, Fackföreningsrörelsen*, Stockholm 1912, Vol. I., p. 52.

LABOUR POLICY

as 1890, and that in 1918, when England was still without any Labour press, there were no less than eighteen Socialist newspapers and several Socialist reviews in Sweden. This anomaly is certainly due to the very great power of the British capitalist press which does not tolerate any competition from its political adversaries. In Sweden, on the other hand, the newspapers are, as a rule, weak financially, most probably because the relatively small population is spread over a large area. Obviously the net sale of a paper cannot be otherwise than comparatively small, when, in the first place, it is limited to the population within easy reach by post, and when, in the second place the population even in this area is sparse. Under such conditions it is hardly profitable to invest capital in newspapers to anything like the same extent as in England where the net sales are enormous; on the other hand it is not very difficult to start a newspaper, as it is comparatively easy to raise the necessary capital. These circumstances explain the existence of a great many small Socialist papers in Sweden.

Apart from the influence of the press, however, Socialist ideas were spread rapidly throughout Sweden by the distribution of pamphlets and leaflets, and by demonstrations and open-air meetings. All this propaganda did not fail to have effect. As early as 1887 the Swedish Social Democratic Labour Party was formed at a Congress held at Stockholm. The initiative at this Congress was taken by a Stockholm social democratic club; it invited all Labour organizations which accepted the principle of class-warfare to attend. The amalgamated trade-unions formed the nucleus of the Party, although, according to its constitution, it was an organization of political, trade-, and other societies which accepted the principle of class-warfare. The Party Congress was the supreme authority, and this body elected seven representatives to act on behalf of the Party between Congresses.*

From its inception the Swedish Social Democratic Labour Party did not correspond to either the British Trade Union Congress or to the Labour Representation Committee, for not only was it a purely Socialist organization (of the same type as the Social Democratic Federation in England), but it was at once a political institution and a sort of national organization for the trade-union movement all over the country. As this movement in Sweden did not possess any central organization until 1898 the Social Democratic Labour Party was generally considered the central body of the trade-unions, and it fulfilled the functions of such an organization.†

The Swedish Social Democratic Labour Party had, as early as

* *Protokoll från Sveriges Socialdemokratiska Arbetarepartis Kongress år 1889.*

† *Fackföreningsrörelsen*, p. 161.

THE POLITICAL LABOUR MOVEMENT IN SWEDEN

1897, fixed its policy by a programme. This programme, which was based mainly upon the principles laid down by the German Social Democratic Party at their Congress held at Erfurt in 1891, will be dealt with somewhat briefly as it was replaced in 1911 by a new and more independent programme. The programme of 1897 was divided into one general part and one special part. The general part drew attention to the drawbacks of the existing capitalist order in society and emphasized the necessity for a complete overthrow of this system in order to enable the working-class to assume control of all the means of production ; manual labour was the only source of wealth and the manual workers should therefore be the owners of all wealth. The special part advocated: (1) Universal suffrage for men and women. (2) Disestablishment and disendowment of the State-Church. (3) Introduction of the jury-system in criminal suits. (4) Equal education for all. (5) Progressive taxation on income and inheritance. (6) Abolition of all indirect taxation. (7) Organization of credit by the State. (8) An eight hours' working-day. (9) Provisions by law against night-work unless absolutely necessary, and against night-work of any kind by children under 14. (10) Legislation against the truck-system. (11) Effective factory-inspection. (12) Complete recognition by law of the right to combine politically, and of the freedom of the press and of speech.

While in England political organization was established on the initiative of the central trade-organization, in Sweden the reverse was the case, and the national organization of trade-unions was founded on the initiative of the central political body. The Congress of the Social Democratic Labour Party of 1897 authorized the trade-unions to organize a central body for the trade-union movement all over the country. As a result of this authorization the *National Confederation of Trade Unions* (*Landsorganisationen*) was constituted at a Trade Union Congress in August 1898.

It is interesting to notice the part played in the establishment of that body by the Inter-Scandinavian Labour Congress held at Stockholm in 1897. The Labour movements in the three Scandinavian countries have co-operated ever since 1886 when the first Inter-Scandinavian Labour Congress was held. The Congress of 1897, the sixth of these Congresses, recommended the amalgamated trade-unions in the respective countries and the separate trade-unions which were not amalgamated to combine in a National Confederation represented by a Committee. These National Confederations were to pledge themselves to support each other financially by weekly payments during big strikes or lockouts in either country. Although as a matter of fact these pledges were

LABOUR POLICY

never given, the principle of mutual support was recognized and during the general lockout in Denmark in 1899 the Swedish National Confederation contributed considerable sums towards the support of the Danish workmen.

The first rules of the Swedish National Confederation imposed on its members the condition of affiliation to the Social Democratic Labour Party within three years. This regulation, which was due to the superior strength of the political as compared with the economic Labour movement, was opposed strongly, especially by the well-organized Amalgamated Iron and Metal Workers' Association.* The result was that the clause was deleted in 1900 at the second Congress of the National Confederation. However, the need for close co-operation between the trade-unions and the political movement was emphasized strongly in a resolution passed by the Congress of the Social Democratic Labour Party in 1900, after the debates on the question of compulsory affiliation to the Party of all those trade-unions which were already affiliated to the National Confederation.† As a matter of fact this organization has ever since been an entirely Socialist body. The regulation which insists that the National Confederation shall be an association of trade-union Federations which combine the workers in one branch of industry all over the country makes the position of the Confederation particularly strong. Such a Federation cannot be affiliated unless it joins the National Confederation together with all its amalgamated unions. The total membership of the trade-union Federations in 1900 was 59,368, and the total membership of the National Confederation for the same year was 43,573.

The political Labour movement in Sweden has always been more powerful than the trade-union movement and has retained control over it. Nevertheless the success of the Swedish political Labour movement has been completely dependent upon the success of the trade-union movement. This dependence obviously prevents the political Party from encroaching upon the rights of the National Confederation, and the consciousness of this no doubt makes it easier for the central trade-union organization to submit to the decisions of the Social Democratic Labour Party on political questions. The co-operation between the central political organizations and the trade-organizations has been entirely satisfactory, and their respective spheres of action have been very well-defined and adhered to, the National Confederation concentrating on industrial and economic questions, the Party confining itself to political activity ;

* The membership of this association in 1900 was more than 10,000.

† *Report of the fifth Congress of the Social Democratic Labour Party held at Malmö 1900*, pp. 57, 58.

THE POLITICAL LABOUR MOVEMENT IN SWEDEN

joint-action on politico-economic questions has naturally been led by the Party.

A comparison between the co-operation of the central political and of the central economic Labour organizations in England and Sweden shows that the advantage lies with the latter country. In England the existence of a central trade-organization with its own political executive—the Parliamentary Committee of the Trade Union Congress—has complicated the position of the Labour Party and has made it extremely difficult to get smooth co-operation between the political and economic sides of the Labour movement.

According to the rules of the Swedish Social Democratic Labour Party (1900) the object of the Party was to combine all the Swedish organizations which aimed at and worked for the realization of the social democratic principles laid down in the programme of the Party.* Nothing in these rules in any way resembled what had been laid down by the rules of the British Labour Party with regard to the formation of a political party in Parliament. In fact at that date the prospect of a parliamentary Party was very remote, and the Party had actually only one representative† in the Diet. From the outset there was a marked tendency towards direct action in the Social Democratic Labour Party in consequence of the franchise-conditions then in force which excluded almost entirely the Labour proletariat from exercising any parliamentary influence.

The Swedish Social Democratic Labour Party was based, according to the rules of 1900, upon *arbetarekommuner* (Labour Communes). These organizations, which corresponded most nearly to the British local Labour parties although individual members could not join them, were links connecting the different local associations with the central Party. No society could be affiliated to the Party except by joining the Labour Commune in the district in which it was situated. It was the object of the Labour Communes to organize the Socialist propaganda within their respective areas, especially during election-contests.

The Congress which, as already stated, was the supreme authority of the Party, was obliged, according to the rules of 1900, to appoint the Party Executive consisting of 23 members. The Party Executive had the right to decide all questions which had been left unsettled by the Congress and must hold one regular meeting in March every year. It had to appoint, from its own members, an Administrative Committee to carry out the work of administration of the

* *Parti och Kommun stadgar*, Framtidens Tryckeri, Malmö, 1900.

† Herr Branting.

LABOUR POLICY

Party on its behalf ; this sub-committee must, of course, be responsible to the Executive.*

Universal suffrage in elections to the Second Chamber was the first reform that the Social Democratic Party demanded. In this demand the Party had been supported for a long time by the Liberals of the Diet who, in 1900, formed the United Liberal Party for the very purpose of carrying through the extension of the franchise. Oddly enough, however, this particular reform was not passed by either of these parties, but by the Conservative Party. There were several circumstances which made the Conservative Party adopt a favourable attitude towards democratizing the Diet. In 1901 the term of compulsory military service had been extended considerably and, as this involved a great increase in the civil duties and liabilities of the individual, the Conservative Government of Baron von Otter deemed it only just to propose an extension of the franchise as a corresponding increase in the civil rights. The Government, accordingly, proposed the abolition of the property-qualifications for the right of electing to the Second Chamber, but demanded at the same time as guarantees : (1) A minimum-age of 25 years ; (2) The fulfilment of duties in respect of taxation and military service ; (3) Two votes for married men and for all men over 40 years of age ; (4) The raising of the status of the municipal law relating to elections to that of constitutional law. As constitutional law could not be changed except by the decision of two regular Diets, with an intervening general election, and as the First Chamber (*Första Kammaren*) was based indirectly upon the municipal elections, this last point was meant to be a guarantee against changes in the composition of this Chamber.

The Government proposals met with much opposition from the working-class and the Social Democratic Labour Party. The latter summoned an Extraordinary Congress to the *People's House* in Stockholm ; the proceedings of the Congress were held behind closed doors, and it was decided to organize demonstrations every Sunday until the franchise-report of the Standing Committee on Constitutional Law were known, and also to proclaim a general strike during the franchise-debates in the Diet. The debate was opened on May 15th 1902, and on the same day the strike (embarked upon in order to force a decision in the franchise-question) began, and it spread so rapidly that on the following day more than 116,000 men were involved.† The Government proposals, as amended by the Standing Committee, were rejected by both Chambers. However, a resolution in favour of the abolition of the property-

* Each Congress decides when the next Congress shall be held.

† *Report of the Party Executive*, 1902, p. 7 seq.

THE POLITICAL LABOUR MOVEMENT IN SWEDEN

qualification for the franchise to the Second Chamber was proposed by the Bishop of Lund,* and was passed in the First Chamber ; a similar resolution was carried by the Second Chamber. Thus the principle of universal suffrage in electing to the Second Chamber was approved by the Diet.† The carrying through of the franchise-reform was delayed, however, as it was difficult for the different parties to come to an agreement.

The Conservatives and the Liberals agreed to abolish the property-qualifications, on the following conditions : that the minimum-age of the electors should be 25, that they should have performed their duties as citizens in respect of taxation and military service, and that they should not be in receipt of poor-law relief. These parties did not agree, however, as to the type of electoral system to be adopted ; the Conservatives advocated Proportional Representation which they considered would guarantee them against the loss of too much of their power, while the Liberals proposed a system of single-member constituencies of the British type. Neither party would change the franchise-conditions of the First Chamber, which was elected on a plutocratic basis, the number of votes allowed to each elector being calculated according to his income. The Socialists in the Diet, who in 1903 formed the parliamentary Group of the Social Democratic Party,‡ demanded a complete democratization of both Chambers on the principle of universal suffrage, and would not accept any of the three guarantees proposed by the other Parties. From 1906 onwards they have also demanded adult suffrage for women on the same conditions as for men.

In 1906 the Liberal Government under Mr. Staaff proposed to the Diet a franchise-reform on the basis of single-member constituencies. The reform was carried in the Second Chamber by 134 votes to 94, but was rejected by the First Chamber which would not give up the system of Proportional Representation. The Government desired to appeal to the country, but the King refused to dissolve the Diet and invited Admiral Lindman, the leader of the Conservative Party, to form a new Government. The difficulty was to find a formula on the franchise-question which both Chambers would be willing to accept. However, an agreement was arrived at by a compromise, and Admiral Lindman was able to form a Cabinet. The new Prime Minister proposed to the Second Chamber not only Proportional Representation, and the abolition of the property-qualifications for the franchise to this Chamber, but also

* Gottfrid Billing.

† As a result of the Diet's decision the Government resigned and was succeeded by a Cabinet under Herr E. G. B. Boström.

‡ Represented by 4 members.

LABOUR POLICY

the introduction of Proportional Representation in elections to the First Chamber. Further, he proposed reforms in the municipal election-laws, whereby the purely plutocratic composition of the First Chamber would be modified considerably. In order to carry through his franchise-reform the Premier had to promise a reduction in the value of the property-qualification of the members of the First Chamber, and the payment of successful candidates. It will be seen that this reform was of a far-reaching and most important character ; in fact it was the basis of democratic representation in the Swedish Diet.

To sum up, the following reforms were introduced and passed into law : (1) Property-qualifications for the right to elect to the Second Chamber were abolished.* (2) Property-qualifications of the members of the First Chamber were reduced from the ownership of real estate of a value of 80,000 crowns to 50,000, and from an income of 4,000 crowns to 3,000. (3) The payment of members of the First Chamber. (4) The introduction of the so-called "scale of 40 grades" at municipal elections (see below). (5) The introduction of Proportional Representation at all political elections. The members of the First Chamber were elected by the county-councils and the town-councils in the five largest towns. Thus the franchise-conditions for the First Chamber were based ultimately upon those for these councils. According to the new regulations the number of votes allotted to each elector should be calculated on his income assessable for municipal taxation. In elections to county-councils one vote was assigned for each 100 crowns up to 1,000 crowns (in elections to town-councils up to 2,000 crowns), and thereafter one vote for each 5,000 crowns up to a maximum which was in the country-elections one-tenth of the total number of votes, and in elections to town-councils 40 votes. This was, no doubt, a great improvement in the franchise-conditions for elections to the municipal bodies, and indirectly for those to the First Chamber, yet the average number of votes allotted to each labourer was only 5 to 10 while the average for the other classes of society was 25 to 30.† In this connection it may be noted that the working-class was handicapped also in consequence of the indirect influence of propertied women in the composition of the First Chamber. As early as 1734 women who possessed landed property had the right to vote at

* The necessary qualifications were : (1) Payment of taxes. (2) Performance of military service. (3) Not to be excluded from the right to vote, as a punishment imposed by criminal law. (4) Independence of the Board of Guardians in respect of poor-law relief. (5) Not to be under guardianship or declared a bankrupt.

† *Report of the Social Democratic Labour Party to the Inter-Scandinavian Congress held at Copenhagen in 1912*, p. 2.

THE POLITICAL LABOUR MOVEMENT IN SWEDEN

municipal elections, and in 1862 this privilege was extended to women who paid municipal rates.

The franchise-reform, which was carried by the Diets of 1907 and 1909 and thus became constitutional law, was a great success for the Labour movement. Its importance to this movement was shown first at the general election of 1911 when the number of social democrats in the Second Chamber was almost doubled. The strength of the parties in the Second Chamber was as follows: Liberals 101, Conservatives 65 and Social Democrats 64, the number of votes cast for the respective parties being 242,000, 188,000 and 173,000. This shows a very great increase in the Socialist vote and representation as compared with 1902 when Herr Branting was the only Social Democratic representative in the Diet. During the period 1903-5 the Party was represented by 4 members in 1906 by 13-17, and from 1909 till August 1911 by 33-35. It should be noticed, however, that many of the new seats won by the Social Democrats were gained at the expense of the farmers.

It has been suggested that the general strike of 1909 was used by the Social Democrats as a means of forcing through franchise-reform. This seems to be very improbable because the Social Democrats were opposed to Admiral Lindman's franchise-reform. The general strike of 1909, therefore, can hardly be regarded as direct political action in the same sense as the strike of 1902.

The Conservative Government, which resigned in 1911, was succeeded by a Liberal Government under Staaff, who accepted office on condition that the First Chamber should be dissolved. This was agreed to, and actually took place in November 1911, to the great advantage of the Socialists who, in spite of the "40 grade scale" and the property-qualifications for members of the First Chamber, succeeded in returning twelve representatives, thereby increasing the total number of Socialists in the Diet to 76. In order to secure the support of the Social Democratic Group the new Prime Minister offered them three seats in the Cabinet. At the Congress of the Social Democratic Party held in April of the same year it had been decided that the Administrative Committee should not accept any offer of co-operation in the formation of a *bourgeois* Government (i.e. a Government which was not in opposition to the prevailing order of society) without summoning the Party Executive and the Parliamentary Group. As the Administrative Committee considered the general opinion of the Party to be in favour of a refusal of the Prime Minister's offer it did not summon the two above-mentioned bodies but decided to ascertain their opinion by a referendum. The result was that only 6 votes were given in favour of the Prime Minister's proposal and no less than 63 against it. Con-

LABOUR POLICY

sequently the Administrative Committee declined to accept any seats in the Government.

Immediately after the franchise-reform of 1909 had been effected the Social Democrats began to demand new reforms. These aimed at : (1) The abolition of the " 40 grade scale " at municipal elections. (2) The annulment of payment of taxes as a condition necessary for the exercise of the franchise by political and municipal electors. (3) The introduction of female suffrage on the same terms as for men. The struggle for these reforms occupied the Social Democratic Party for the ten years following the measure of 1909.

It was not until the extra session of the Diet of 1918 that sufficient attention was paid to the Socialist demands. In the electoral campaign of 1917 both Liberals and Socialists had put women's suffrage and the abolition of the " 40 grade scale " on their programme. The difference between the programmes of these parties was that the Socialists wanted to abolish completely the stipulation requiring electors to have paid their taxes during the three years preceding the elections, while the Liberals wished to retain this clause. This difference is not so unimportant as it appears when it is pointed out that no less than 320,000 citizens who were registered for the election of 1917 (i.e. one fourth of the whole registered electorate) were disqualified because they had not paid their taxes. This was considered particularly harsh as many of the disfranchised citizens had been mobilized for guarding Swedish neutrality during the War, and this was the reason why they had not been able to pay their taxes. Nevertheless, the Social Democrats were strengthened considerably by the elections, their number in the Second Chamber being increased from 87 to 97.* Eleven of these, however, did not belong to the Social Democratic Group, but formed a new and more extremist party.

The Social Democratic Labour Party with its 86 members was the strongest Party in the Second Chamber, the Liberals having 62 representatives, the Conservatives 59.† The Conservative Cabinet resigned as a result of the election, and the King, appealing for national unity under the ever-growing pressure of the War, recommended the three big Parties to form a coalition-government. However, the Social Democratic Labour Party, as the strongest of the Parties on the left, had already taken the initiative in the formation of a Socialist Liberal Coalition Government with a view to carrying through the franchise-reform. The answer of the Social Democrats to the appeal of the King was that, in order to bring

* The Party had 16 representatives in the First Chamber.

† There were in addition 11 Extremist Socialists, and 12 representatives of the Farmers' Party which was closely connected with the Conservatives,

THE POLITICAL LABOUR MOVEMENT IN SWEDEN

about national unity, it was of paramount importance that a measure of democratic electoral reform should be introduced and that, having ascertained that the Conservative Party was not willing to do this, they were unable to form a coalition government in which that Party would be represented. After negotiations with the Liberals, however, the Party decided to co-operate with them in forming the new Government. A Liberal Socialist Cabinet was formed accordingly, with the Liberal leader, Professor Edén, as Prime Minister. The Socialist Members of the new Government were Herr Branting, Baron Palmstierna, and Herrar Rydén and Undén. This was the first time the Socialists were represented in the Government.

There may appear to be some inconsistency in the attitude of the Socialists on the present occasion in the light of their former refusal to join Herr Staaff's Cabinet because it was a *bourgeois* Government. There were, however, several reasons for the change of policy. In 1911 the Party had been invited to join the Liberal Government in order that the Government might have a sort of guarantee for the support of the Socialists, but the Socialist Members would have had very small chance of exercising any considerable influence upon the Government. The situation was, however, quite different in 1917. Then the Social Democratic Labour Party was the strongest of the parties and at any moment could have made the continuance of the Government impossible. It was, therefore, a real Coalition Government, neither Party being able to govern without the support of the other. Furthermore, this Coalition Government was formed for the special purpose of carrying through a specific reform which the Socialists had advocated for ten years and which could not be carried without the support of the Liberals. Another consideration which undoubtedly had great weight with the members of the Social Democratic Labour Party, was the need of gaining experience in Government Office now that the prospects of forming a Government of their own in the near future were very bright. All these points were no doubt sufficient to induce the Party to depart from the attitude of isolation taken up in 1911.

In the ordinary spring-session the Diet of 1918 received the Government proposals for a franchise-reform, introducing women's suffrage and abolishing the "40 grade scale" at municipal elections. As a reform of this magnitude would completely change the character of the First Chamber that Chamber not unnaturally rejected the proposals and the prospects of the measure grew dim. All the attempts of the Liberal Socialist Coalition broke down against the united majority of the First Chamber, and it was obvious that, unless the attitude of the latter were changed miraculously, the reform could be carried through only by unconstitutional methods.

LABOUR POLICY

This course was actually considered in leading Radical circles. But the marvellous happened, and the First Chamber, influenced by external political events (especially the German Revolution), withdrew its opposition.

In consequence of the enormous increase in prices during the summer of 1918 and the ravages of the influenza epidemic the Government was forced to summon the Diet to an extra session in the autumn ; to meet the first difficulty the Government had to consider the desirability of granting higher salaries to civil servants and military officers, and to alleviate the second trouble orders had to be issued to postpone the regular military training in the autumn ; in both cases the consent of the Diet was necessary. There is no doubt, however, that another reason for the summoning of the Diet, and perhaps the strongest of all, was that the Government wished to make a new attempt to carry through the Electoral Reform Bill. It is interesting to notice that the new scheme of reform went even farther than that which had been proposed and rejected at the ordinary session of the Diet. On the 14th September the Government issued a proclamation notifying its intention of introducing a scheme of electoral reform to the extra session of the Diet as well as to the ordinary spring-session of 1919. According to this scheme the sitting Diet, which possessed the power of altering the law relating to municipal elections, should take up this question, while the Diet of 1919 should deal with the measure in respect of parliamentary elections. The Government proposal to the Diet of 1918 had in view the abolition of the " 40 grade scale " and the establishment of universal suffrage at municipal elections. In connection with the introduction of more effective measures for the collection of taxes the Government proposed further the annulment of the stipulation requiring payment of taxes as a condition of enfranchisement. The Socialists had exacted a promise from the Government to introduce measures of electoral reform such as women's suffrage and the abolition of the clauses which disfranchised paupers and non-taxpayers, such measures to be laid before the next Diet. The scheme of reform adumbrated in the above-mentioned proclamation also included these measures.

In the early stages of the extra session of the Diet it was very doubtful whether the majority of the First Chamber would concede the new demands which were much greater than those rejected at the previous spring-session. The reformers, however, opened a vigorous campaign with mass-meetings and demonstrations to support their demands, and there was much talk of a general strike. However, nothing untoward occurred, and Herrar Branting and Lindqvist (the head of the National Confederation), kept their

THE POLITICAL LABOUR MOVEMENT IN SWEDEN

followers well in hand and did not allow violence or excesses of any kind. By a joint-manifesto dated November 15th these leaders declared that they strongly opposed all attempts to apply the methods of the German revolutionists in Sweden where there was no reason whatever for such methods. As a matter of fact the political events in Germany (where the Revolution was gaining ground every day, and sweeping away royalties and *Junkers*), together with the calm and determined attitude of the Swedish Socialists gradually weakened the resistance of the majority in the First Chamber. On December 9th the representatives of the Liberal Socialist Coalition came to an agreement with the Conservative representatives of the Select Committee in charge of the Reform Bill, and on the 17th the Diet carried that part of the franchise-reform which dealt with municipal elections. The other part, which was concerned with parliamentary elections, was carried subsequently at the spring-session of the Diet of 1919, and the measure was accepted finally on January 27th 1921 and was afterwards promulgated.

To sum up, the following reforms became law in 1918: (1) All property-qualifications, except in respect of eligibility to the First Chamber, were abolished. (2) The age-limit for the right to vote at elections of those bodies which elect the members of the First Chamber was fixed at 27 years. (3) The age-limit for other municipal elections was fixed at 23 years. (4) The law by which the payment of taxes for the three years preceding an election was a necessary qualification for the franchise was altered so that the payment of taxes for any one of those years was sufficient.

The following reforms became law in 1921: (1) Women's suffrage. (2) Reduction of the age-limit for electors to the Second Chamber to 23 years. (3) The stipulation requiring payment of taxes was abolished. (4) Only those paupers who were in receipt of continuous relief were excluded from the franchise.

The First Chamber was dissolved in the summer of 1919, and, as there had already been a new election, according to the electoral reform, of those bodies which elect the First Chamber, the balance of the parties in this Chamber was completely reversed. Before the election the strength of the respective parties had been: 86 Conservatives, 43 Liberals, 20 Social Democrats, and 1 Left Socialist. After the election the numbers were: 38 Conservatives, 18 Farmers' Representatives, 42 Liberals, 49 Social Democrats and 3 Left Socialists. The Social Democratic Group had thus become the strongest party in both chambers and there were altogether 149 Socialists in the Diet, of whom 135 belonged to the Social Democratic Group. In this connection it may be noted that the membership of the Social Democratic Labour Party in 1919 had

LABOUR POLICY

risen to approximately 150,000 and the membership of the National Confederation to nearly 260,000.*

The great development of Labour representation in Sweden culminated when Herr Branting, at the beginning of March 1920, formed a purely Socialist Government.† Twenty years ago the Swedish Labour movement was represented by a single member in the Second Chamber. In 1920 this same member was at the head of a purely Socialist Government, while the Social Democrats were the strongest party in both Chambers of the Diet.

After the general election to the Second Chamber in the autumn of 1920 the Social Democrats were reduced from 86 to 76 members, and the Government, after being refused the support of the Liberals, found it necessary to resign. The result of this election, by which the Conservative and Agrarian Parties gained heavily, was due no doubt to the fear of nationalization, the Socialist Government having appointed a committee of inquiry on the subject. However, a Socialist Cabinet under Herr Branting again came into power after the autumn-election, 1921. At this election were returned to the Second Chamber: 93 Social Democrats, 7 Communists, 6 Left Socialists, 62 Conservatives, 41 Liberals, and 21 Peasant Representatives. As there are 53 Socialists and Communists in the First Chamber to 97 Conservatives, Liberals, and Farmers, the anti-nationalization majority at joint-sessions of both Chambers is 62.

It was not until 1911 that the above-mentioned programme of the Social Democratic Labour Party‡ was revised thoroughly. As already stated, the programme of 1897 was more or less a copy of the so-called Erfurter programme of the German Socialists which naturally had been drafted to suit the conditions of the German proletariat. The programme was, therefore, hardly applicable to the Swedish working-class, and a revision was in the first instance rendered necessary by the special conditions of the agricultural population in Sweden. The programme of 1897 declared that the State should make all land common property. That this proposal gave offence to the independent peasantry was only to be expected. It would, however, have been extremely difficult for the Social Democratic Labour Party to adhere to the dogma of State-production if at the same time it made an exception with regard to small landowners, particularly as the latter possessed more than two-thirds of all private land. If the Socialists, in order to get the support of the small landowners, had admitted this exception they would *ipso facto* have recognised the principle of private ownership.

* *Cp. Report of the National Confederation, 1920* ; p. 25.

† The first Socialist Government ever formed in a constitutional monarchy.

‡ *Vide* p. 73.

THE POLITICAL LABOUR MOVEMENT IN SWEDEN

Many Socialists were actually in favour of such a solution of the dilemma. Thus, for instance, Herr Fabian Månsson said at the Party Congress in 1911 during the discussion on the agricultural question :* “ We shall not stick blindly to theories, whether Marxian or otherwise : the main thing is food and happiness for the people.” The majority of the Congress, however, was of the opinion that there must be no departure from the fundamental principles of Socialism. It was pointed out that Kautsky and Sidney Webb, who were sharply divided on other questions, had both emphasized the risk of leading Socialism into a deadlock by adopting the view of small landowners.† In the new programme adopted by this Congress it was declared that the land and its wealth, like all other means of production, ought to be the property of all the workers. In this way the principle of Marxian Socialism is preserved in the Party programme.‡ The interests of the small landowners and agricultural workers had to be provided for in the same programme, but it was clearly impossible for the Socialists to recognize the right of private ownership in respect of small farms and at the same time to advocate the principle of State Socialism. The programme, therefore, merely laid down the general principles of such immediate agricultural reforms as would be likely to affect beneficially the small landowners and farmworkers. In this way the Social Democratic Labour Party was successful in securing the support of these classes of workers.

The first point in the Party Programme was the demand for electoral reform which we have considered already. It also contained a demand that a republican constitution should be substituted for the monarchy. The Congress was divided on the question of the one-chamber system, but eventually no clause demanding this was included in the programme as the majority considered that a thoroughly democratic reform of the First Chamber would be sufficient.

The second point of the programme was the demand for complete liberty of speech and of the press. The Socialists not unnaturally attached great importance to this for many of their most prominent leaders had been imprisoned for offences against the prevailing

* *Report of the Congress*, p. 95.

† *Ibid.*, p. 91.

‡ It is interesting to notice the following declaration of Herr Branting : “ We say that there are areas where the labourer is still the owner of the means of production and where he himself reaps, and rightly, the fruits of his own labour. We are opposed to the sweating-system and we have nothing against this small non-capitalistic property, which we have never had in view when fighting the oppression and extortion of private capitalism.” Quoted by K. Hildebrand and K. Diehl, *Socialismen, Kommunismen, och Anarkismen*, Stockholm 1913, p. 352.

LABOUR POLICY

restrictions ; the editors of the Socialist newspapers particularly had suffered in this respect. The fight of the Socialists for greater freedom does not seem to have met with much success ; but the whole question has lost all importance now that the Socialists have obtained the political influence at which they aimed ; the bitterness, which was the ultimate cause of their offences on the platform and in the press, has gradually disappeared.

All the demands of the Party concerning the following points have been met more or less : the establishment of an effective system of old-age insurance, insurance against accident and sickness, reduction of national expenses for military purposes, and the introduction of free legal proceedings for the poor. The reduction of military expenditure began, naturally, after the War, and the Act introducing free legal proceedings was passed in June 1919.

In its attitude to the Christian religion the Social Democratic Party differs from pure Marxianism, which considers all religion from a purely materialistic point of view. A real Marxian is always an atheist. The Swedish Social Democrats have not, however, adopted the material philosophy of Marx. Indeed, had they done so, their success would have been impossible as they would never have been able to persuade the large numbers of Christian workingmen to join their movement. Instead, the Social Democrats have declared that religion is a private matter. Their demand is, therefore, for the disestablishment and disendowment of the Swedish State Church and the abolition of compulsory religious teaching in the schools. In this way the Socialists have gained the support of the different nonconformist sects which are represented largely among the Swedish working-class. It may be mentioned that the Congress of 1908 particularly requested the members, even in debates on religious questions, not to offend the religious convictions of anyone by derision or mockery.

The Socialist movement in Sweden has long been divided on the "question of violence." At the Party Congress of 1908 two Socialists, Herrar Hinke Bergegren and C. G. Schröder, were expelled from the Party. They were the leaders of the *Young Socialist* movement, of which the programme can be summed up as follows : anti-militarism, anti-parliamentarianism, no religion, revolution.

At the Congress of 1889, when the Social Democratic Labour Party was constituted, the question arose whether the Party should respect the existing constitutional order of society and endeavour to attain its object by parliamentary measures, or whether it should make use of revolutionary methods even if the latter included the committing of crime. The Congress recognized the principle of class-warfare, but it definitely declared that it would not, in order

THE POLITICAL LABOUR MOVEMENT IN SWEDEN

to attain its object, make use of any measures which did not harmonize with the people's natural sense of justice, and that it by no means aimed at a violent revolution, which, indeed, would endanger the whole success of the Labour movement. On the contrary, the Party would use all its influence to avoid violent and foolhardy expressions of the dissatisfaction of the people. Revolutions, it was pointed out, cannot be "manufactured," but if the arrogance and blindness of the governing class forced the people to defend themselves and their rights they would not hesitate to use revolutionary methods.

The attitude of Herr Hinke Bergegren and his followers, the Young Socialists, with regard to revolutionary methods, was, however, quite different. A typical example of Young Socialist thought is seen in the following declaration of Hinke Bergegren.* "Why should we be afraid of revolutions and violent methods when we shall in any case have to use violence as a means of obtaining our demands? No, let us consider and examine *which kind* of violence we shall use and teach the working-man how to produce and make use of both dynamite and dagger. As for myself, I consider murder on a small scale excellent, and such attacks fill the governing class with terror. We shall envenom the hearts and minds of the people with the poison of hatred in order to make them ready to commit any kind of violence whatever." These barbarous threats were utterly repudiated by the Social Democratic leaders who denounced them as the enunciations of "madhouse politicians."

The expulsion of the Young Socialist leaders from the Social Democratic Labour Party did not check the progress of their movement. This movement is responsible for many crimes, among which the assassination of General Beckman and the "Amalthea" murder are the best known.† The Young Socialists, generally called "ungthinkar," after their leader Hinke, have always been the disturbing element at demonstrations and open-air meetings organized by the Social Democrats, at whose doors their follies and misdeeds have been laid.‡ Hence the hostile attitude of the Social Democratic Labour Party towards the Young Socialist movement is explained easily.

The first Young Socialist club was formed in Stockholm in 1892

* Cp. K. Hildebrand, *Ibid*, p. 369.

† General Beckman was murdered apparently solely because he wore full uniform during the visit to Stockholm of the late Tsar. The "Amalthea" was a receiving-ship for British blacklegs during the docker's strike in Malmö in 1908. Some Young Socialists caused an explosion of dynamite on board this ship by which one British sailor was killed and several were wounded.

‡ *Brand*, *Stormklockan* and *Nya Folkviljan* were the papers of the Young Socialists, and *Politiken* was the organ of the Left Socialists.

LABOUR POLICY

and other similar clubs were established subsequently in different parts of the country. These clubs were not originally anti-parliamentary, they merely refused to believe in or support parliamentary methods ; it has been pointed out that the omission of the epithet " democratic " from the name of their clubs was significant of their attitude in this respect.* Neither were they originally anti-militarists, but, like the Social Democrats, they advocated the abolition of a standing army maintained by compulsory military service and its replacement by a militia-system similar to that of Switzerland. The Young Socialist movement, however, gradually became more extreme, finally demanding the complete abolition of all military institutions.

The Young Socialist movement was, in spite of the opposition of the Social Democratic Labour Party to its methods and of the expulsion of its leaders, still officially under the protection of the Party whose programme they accepted, albeit only nominally. Even before the expulsion of their leaders the Young Socialists had begun the work of undermining the position of the Party, both inside and outside the country, which led finally to an open rupture. It is of interest to consider the immediate cause of this rupture. In 1912 the Young Socialists made attempts to organize the Left Wing of the Social Democratic Labour Party into a party within the Party, but with an independent and more advanced policy. - These attempts, which met with the strongest opposition both from the Party Executive and from the Congress of 1914, failed for the moment. But in 1916 the situation became more critical. In that year the Executive of the Young Socialists took upon itself to summon (by a secret circular and without informing the Executive of the Social Democratic Labour Party) the Young Socialist and some other political clubs, the Labour Communes, and the trade-unions to a Congress in order to discuss what steps the working-class should take in the event of Sweden being involved in the War. This secret invitation, however, came to the knowledge of the Administrative Committee of the Social Democratic Labour Party and the Executive of the National Confederation. At a meeting of these two bodies it was decided to warn all the organizations which had been invited that to take part in the secret Congress was an " adventure " of the most risky character. Stress was also laid on the fact that the secret Congress would have no authority to speak on behalf of the Swedish working-class.

Some of the organizers of the secret Congress, Herrar Z. Höglund, I. Oljelund and E. Hedén, were tried as traitors for their speeches at

* *Brands Månadshefte*, 1908, p. 5, quoted by E. Sommarin, *Syndikalismen*, Malmö 1915, p. 64.

THE POLITICAL LABOUR MOVEMENT IN SWEDEN

the Congress, and the two former were convicted. Although the Party Executive endeavoured to obtain a pardon from the King the two advanced Socialist papers, *Stormklockan* and *Politiken*, accused it of having provoked the action brought against the organizers of the Congress.

After the holding of the secret Congress a rupture was inevitable between moderates and extremists. The Congress of the Social Democratic Labour Party held in 1917 decided, by a large majority, that the Young Socialist movement should abandon its position as a special party with an independent policy. The Young Socialists, however, refused to submit to this decision, and in reply issued a manifesto urging the establishment of a new Party under the name of the *Left Social Democratic Party*. This Party was actually formed in May 1917, and after the elections was represented by eleven members in the Diet; but as the Social Democratic Labour Party had increased its representation by ten new members its strength in the Diet remained almost unaffected by the rupture. The old Party, however, gained in internal unity by getting rid of its most unruly and ill-disciplined adherents.

The Russian *Nihilists* and *Anarchists* had, from an early date (about 1890), exercised considerable influence upon the extreme Socialists in Sweden. Since the Russian Revolution the Bolsheviks have had many followers among the Young Socialists and the Left Socialists, as they are now called. Therefore the Left Social Democratic Party, which is favourably disposed towards the Bolsheviks and defends their actions, has, since its creation in 1917, generally been considered as a Bolshevik Party. The fundamental principle of the Party includes the complete extermination of the capitalist class, for the accomplishment of which all means are allowable and justifiable; that private property of small value shall not be abolished at once, but when all large private property has been expropriated by the labouring class; and that there shall be no religion, no law, and no prisons. These in brief are the tenets of the Left Socialists, but the wonderful thing is that this new order—or shall we say disorder?—of society is to be based upon the principle that every one shall, as in the capitalist society, “arrange for himself as comfortably as possible according to his natural egoistic character.” The Party has been affiliated to the Third International since 1919.

A Party Congress of March 25th 1921 confirmed the affiliation to this International, and decided on complete submission to the conditions for affiliation laid down at the second Congress of the Third International. The majority formed a new Party under the

LABOUR POLICY

name of the *Communist Party*, while the minority stuck to the name and programme of the old Party.

By a manifesto dated July 20th 1917 the Social Democratic Labour Party urged the young workmen to form a new Young Socialist movement under the auspices of the Party. This was actually done in October of the same year when the *Swedish Association of Young Social Democrats* was established. The Executive of this Association resides at Eskilstuna.

The Syndicalist movement, the methods of which have much in common with those of the Young Socialist and Left Socialist movements, has also been represented in Sweden, particularly in the western and southern provinces.* The main difference between these movements is that the activity of the Young Socialists has been and is both political and economic, while the Syndicalist movement in Sweden is merely economic and anti-parliamentary in character.

Syndicalist theories did not penetrate into Sweden until the beginning of the present century, by which time the Social Democratic organizations had become strong and firmly established. This is one of the reasons why the Syndicalist movement has never been able to make much progress in Sweden. After the big lockout of 1907-1908, and the general strike of 1909 when the Social Democratic trade-unions were overwhelmed by the powerful associations of employers, the Syndicalist movement for the first time began to gain a footing. A Syndicalist Conference, which was summoned in order to discuss the possibility of applying Syndicalist methods to the wage-policy and strike-policy of the trade-unions, was held at Lund in January 1910. This Conference appointed a committee to arrange for and summon a Congress, with a view to establishing a central Syndicalist organization. This Congress, which was held at Stockholm in June of the same year and was composed of representatives from trade-unions, Young Socialist clubs and the Young Socialist press, constituted a central Syndicalist body under the name of the *Central Federation of Workmen*. An Executive committee was appointed also. In July 1911 the *Syndikalisten* was started as the organ of the Central Federation.

The Syndicalist movement aimed at the abolition of the National Confederation of trade-unions, and at the concentration of the trade-unions into amalgamated unions for each trade. They held that Syndicalist methods should be substituted for collective agreements between the amalgamated trade-unions and employers' associations, which were considered too cumbersome and inefficient. The trade-unions should be independent and ready to start a strike at any

* Syndicalism flourishes among the stone-cutters in Bohuslän to a greater extent than anywhere else in Sweden.

THE POLITICAL LABOUR MOVEMENT IN SWEDEN

moment ; every opportunity of striking for higher wages should be seized, and occasions when the employers were in difficulties (for instance when fulfilling their contracts) should be taken advantage of particularly. It was argued that the employers would at such times be weaker and less able to resist, and that the workmen would in this way gain a double advantage, namely a comparatively easily obtained increase in wages and the infliction of injury on the employers. For this latter purpose sabotage and other means of destruction were also recommended strongly. The Swedish Syndicalists are naturally in favour of direct action, i.e. applying economic measures for political purposes.

It is important to notice the difference between Swedish and French Syndicalism. While in Sweden the Syndicalist movement arose as a reaction against the general strike and the National Confederation and has in view the independent activity of the separate trade-unions, the chief object of the French Syndicalist method is the general strike under the guidance of the General Confederation.

In spite of much activity, open-air meetings, demonstrations, the circulation of pamphlets and so forth, the Syndicalist movement has not had any considerable influence upon the Swedish Labour movement, which has been too strongly organized by the Social Democrats.

CHAPTER VII

THE GENERAL STRIKES IN SWEDEN

IN order to get a clear idea of the general strikes in Sweden it is necessary not only to examine the workers' combines in greater detail but also to consider the organizations of employers.

The trade-union system centralized by the National Confederation includes several types of organizations with different functions.

The smallest unit of the whole system is the *Factory Club*. This body, which may either be an organization of the members of one trade-union only or include members of different unions, brings together the workmen of one factory or place of work. The executive of this club is merely a controlling authority whose functions are to see that the special working-conditions at the factory or workshop conform with the trade-union regulations, and to represent the workers and be their spokesman before the managers. These "shop-stewards" have no final authority with regard to lockouts and strikes, but have to make their reports and submit their complaints to the trade-unions.

The next unit of the system is the *Section*, which includes the workmen from one of the smaller branches of a trade. The sections also have no power to make or give decisions, but have much the same controlling function as the factory-club.

More important than either of these units is the *Trade Union*. The executive of a trade-union is appointed at the annual meeting and consists of a chairman, a secretary, and a treasurer, who are in charge of the administration of the trade-union, which they represent between the annual meetings. The membership of a trade-union is open to the workmen of one particular trade within a certain district. The trade-union is the supreme authority in local affairs and in questions of finance. An individual union, however, must keep in close touch with, and submit to the decisions of, the amalgamated trade-union on all questions regarding trade-disputes. The rules of a trade-union are generally submitted to the Congress of the amalgamated union for sanction, and they must on no account contain anything which is opposed to the rules of this union.

This latter body is a single organization whose authority extends throughout the whole country for the trade-unions in one trade,

THE GENERAL STRIKES IN SWEDEN

in one section of a trade, or in one section common to different trades. In some rare cases membership of the amalgamated unions is open to individual workmen who do not belong to a trade-union. No amalgamated union has any rule or regulation against the admission of women. The trade-unions which belong to an amalgamated union have to pay a subscription for each member. In addition to this the executive of the amalgamated union has the right to impose extraordinary levies upon the trade-unions in case of need, for instance during trade-disputes. This power of extraordinary "taxation" is in most cases unrestricted as to the amount leviable; some trade-unions, however, do not permit any such taxation to exceed 50 öre* per member per week. The supreme authority of an amalgamated union is the *Congress*, which usually holds its meetings every three years, or at the times decided upon at the last Congress. The *Executive*, which represents the union in the intervals between the Congresses, as a rule meets once or twice a month, in some cases once a quarter. This body is elected either by the Congress or by the affiliated unions. Between the meetings of the Executive the amalgamated trade-union is administered by the *trustee* whose salary is fixed at the Congress. The Amalgamated Association of Iron and Metal Workers differs from the other unions in that it has another representative body in addition to the Congress, namely the *Representative Assembly*, which meets regularly every two years, but is easier to convene than the Congress; extraordinary meetings of this body are held on the decision of the Executive.

The central body, the *National Confederation*, was (as mentioned in the previous chapter) created in 1898. The need for a central organization for the trade-union movement had been felt long before that time. The trade-unions and the amalgamated unions were undoubtedly well-disciplined bodies, but they were too highly specialized to pursue singly their own independent policy. For instance, a trade-dispute which arose in one group of factories, out of the conditions of the workmen in one special branch of a particular trade, concerned not only those workmen actually involved but more or less all other workmen in the same group of factories. Therefore, it was said, such disputes should not be dealt with merely by the amalgamated union of the workmen directly involved, but by a body representing all categories of workmen directly or indirectly concerned. This was the immediate reason for the establishment of the National Confederation, of which the objects were to exercise general control over the amalgamated unions, to prevent internal controversies and dissensions between these bodies, and to promote unity of action. Other objects of the Con-

* About sevenpence.

LABOUR POLICY

federation were the establishment of new trade-unions. The supreme authority in the Confederation is the *Congress*, where the amalgamated unions are represented in proportion to their membership: it is generally convened every three years. Between the Congresses the *Representative Assembly* is convened once a year. This body consists of the Executive Committee and one member from each amalgamated union.

The administrative body of the Confederation is the *Executive*, which consists of a chairman, a secretary, a treasurer and four other officers.*

The financial side of the trade-union organization deserves particular attention. The whole income of all amalgamated trade-unions affiliated to the National Confederation was in 1918 about 5.77 million crowns, or approximately 25 crowns per member. As by far the greatest part of this money, 4.7 million crowns, was paid in by the members as regular subscriptions, the average annual contribution per member was more than 20 crowns. The contributions paid to their unions by wood-workers, printers, and metal-workers in 1918 exceeded 30 crowns per member.

The development of the trade-union organization in Sweden is seen clearly from the increase which has taken place in the membership of the trade-unions affiliated to the Confederation. In 1899 the total membership was only about 38,000, but it increased gradually to 184,000 in 1908. During the period of depression consequent upon the failure of the general strike in 1909 there was a successive annual decrease in the numbers until 1912, when the situation changed, and from December 1911 to December 1912 the membership increased from 80,000 to 85,000. The figures for 1908 were passed in 1917 when the total in round numbers was 260,000, of whom 30,000 were women. In December 1920 the membership had risen to 281,000.†

In connection with the National Confederation two other central organizations may be mentioned: the *Swedish Workmen's Federation*, which was founded a year after the National Confederation in order to preserve the independence of the trade-union movement in party-politics: and the *Central Federation of the Workmen of Sweden*, which, as already mentioned, is the main institution of the Syndicalist movement. Neither of these bodies has exercised any considerable influence upon the Swedish Labour movement.

It was not until after the political strike of 1902 that the employers

* For a more detailed examination of the organization of the Swedish trade-unions Cp. G. Bagge, *De Svenska Fackföreningarnas och Fackförbundens Organisation*, Stockholm 1906.

† Cp. *The Report of the National Confederation*, 1920, p. 25, and *The International Labour Directory*, p. 487.

THE GENERAL STRIKES IN SWEDEN

began to combine in stronger associations.* How weak the employers' organizations had been before this time appears clearly from the results of the trade-disputes during the period 1895-1902; of these disputes 243 were settled to the advantage of the workmen, 184 were settled by compromise, and in only 63 cases did the employers gain the day.† The political strike of 1902, in which about 100,000 workmen were involved, was the signal for the creation of the *General Association of Swedish Employers*. From an insignificant beginning this organization in a few years developed enormously. At the end of 1903 it included only 101 employers, representing factories with altogether 28,924 workmen. At the end of 1919 the corresponding figures were 3,537 and 297,917‡, so that the employers were representing factories with a number of workmen which exceeded the membership of all trade-unions affiliated to the National Confederation. From its inception the General Association had in view the organization of the employers of the staple industries. According to the rules of the Association drawn up in September 1902 its endeavour was to promote co-operation between the employers, and to establish local organizations of employers in the same trade, all over the country. The Association should assist these organizations and also individual employers in the settlement of trade-disputes, and should give the employers compensation for damages arising out of strikes or lockouts. The employers, or companies belonging to the Association, had to pay a considerable amount of money as a guarantee for solidarity of action. Thus if an employer or a company did not accept the decision of the Association with regard to strikes and lockouts, the Association had the right to confiscate a part or the whole of the sum deposited as a guarantee. In this way the Association was able to exercise a powerful influence over its members and to maintain strict discipline among them. The total amount for which the members of the Association were responsible reached more than 315 million crowns at the close of 1919.

In addition to this Association, which from the beginning included mainly employers in the mining, iron, textile, paper, and sawmilling industries, several other organizations of employers had been in existence for some time. The most important of these, the *Electrical Works Association*, the *Mechanical Works Association*, and the *Central Federation of Employers*, have successively joined the

* The previous associations of employers had more the character of debating societies where the general interests of the trade were discussed.

† The Swedish Board of Trade, *Redogörelse för Lockouterna och Storstrejken i Sverige* 1909, Stockholm 1910, vol. 1, p. 12.

‡ The Report of the Executive of the General Association of Swedish Employers, Stockholm 1920, p. 3.

LABOUR POLICY

General Association, the latter as recently as 1918. In order to secure co-operation between the different associations in certain important questions the *Council of the General Association* was established in 1910. In addition to the above-mentioned associations the *Association of Farmers* and of *Shipowners* were also represented on the Council. The General Association has representatives in England, France, and U.S.A., on whom the duty devolves of observing the development of industrial and labour conditions in these countries and of submitting reports thereon to the Executive.

Most of the big trade-disputes in Sweden are nowadays fought and settled by the two central organizations, that of the workmen, on the one side, and that of the employers, on the other.* In the early years of the present century, before the latter had acquired a central organization, the Central Federation of Employers and the Mechanical Works Association were the chief representatives of the employers' interests, and the same methods and procedure which were applied then in trade-disputes by these bodies are still used largely by the General Association of Swedish Employers.

In spite of strong opposition the Swedish trade-unions have been able to secure their recognition by the employers as authoritative bodies in collective agreements.† In fact this was a substantial victory for the trade-unions and increased greatly the influence of the workmen upon the wages and the general working-conditions prevailing in their trades. As the power of the trade-unions increased by collective bargaining the influence and power of resistance of individual employers decreased. The employers soon recognized the impossibility of carrying on the fight against the trade-unions on such unequal terms and began to organize combines of their own, with the result previously mentioned. Before the employers had organized themselves effectively the collective agreements by which disputes were settled were of a local character, and were almost always advantageous to the workmen; but the new associations of employers from all parts of the country reversed the situation. The associations endeavoured to extend the application of these agreements to as many enterprises of the same trade as possible, and they were so successful that in time national agreements—which apply to enterprises of the same trade all over the country—came into existence. The advantage to the employers of such agreements is as obvious as is the disadvantage to the workmen. Wages are thereby standardized approximately over the whole trade accord-

* Out of the total number of labourers involved in trade-disputes during the period 1903-1917 more than four-fifths were organised. *Cp. The Social Board's Report on Trade Disputes*, Stockholm 1919, p. 9.

† As to the legal position of the trade-unions. *Cp. pp. 293-7*

THE GENERAL STRIKES IN SWEDEN

ing to the cost of production in the enterprises where the rate of profit is lowest. In this way employers in enterprises where the profit is high cannot be compelled by the trade-unions to increase wages above the standard rate, and are thus able to enjoy a preferential rate of profit as a result of the inferior organization or bad management of less profitable enterprises ; the general rate of wages is, of course, kept down proportionately. This is one important reason why the associations of employers were in favour of, and the trade-unions opposed to, the system of national agreements. Another reason why the employers' associations favoured national agreements was their desire to settle the conditions of labour for any particular trade on a uniform basis throughout the country, in order thereby to maintain the solidarity of their members.

The *Mechanical Works Association*, the first of the more important bodies of employers to be organized, after two general lockouts in 1903 and 1905 succeeded in establishing a national agreement with the engineering trade-unions. This agreement, which was the prototype of collective national agreements, consisted of two parts ; the first dealt with the general conditions of work and wages in the trade ; and the second laid down regulations for the settlement of future disputes between employers and employees. This national agreement was soon followed by others and by 1909 approximately one-third of all collective agreements were national in their scope.*

The original character of the collective agreements gradually changed under the pressure of class-feeling, and the decisive change took place in 1902 as a result of the political strike. The original intention of the collective agreement was to prevent stoppage of work, and both the employers' and the workmen's unions agreed in regarding stoppage of work as amounting to a breach of the agreement and an offence against unwritten law. As a matter of fact at that time it was not quite clear whether collective agreements were enforceable by law or not.† The attitude of the workers as well as employers was changed entirely by the occurrence of 1902. The workmen asserted that the political strike was caused by *force majeure* in consequence of the franchise-conditions, and that as it was not directed against the employers it could not be regarded as a breach of any collective agreement. The employers were naturally of another opinion. They insisted that the stoppage of work was all the more unjustifiable as it had nothing to do with the working-conditions or the wages of the workmen ; and they complained that it afforded them little consolation to know that the strike was not directed against them when it so adversely affected their interests.

* *Cp.* Swedish Board of Trade, *Ibid.*, vol. 1, p. 23.

† *Vide* p. 294.

LABOUR POLICY

It is possible to distinguish general strikes of a character mainly political from those of a character mainly economic. The strike of 1902 was of the first kind for its object was to bring pressure to bear upon the Diet, although incidentally it could not do otherwise than affect adversely the interests of the employers. A good example of a general strike of the second kind was provided by the big strike of 1909 which, while fundamentally economic, also to a certain extent influenced the general political situation.

The idea of a general strike had been preached by the Social Democratic Labour Party long before the political strike of 1902 broke out. Originally the idea came from France, but it fell on fertile soil in Sweden where the franchise-restrictions and political inequalities had predisposed the workmen to direct action. The Socialist leaders, therefore, did not hesitate to advocate the general strike as an emergency-measure. Successive Congresses of the Social Democratic Labour Party from 1891 onwards had discussed the question, and had declared that a large strike, directed against some of the most vulnerable points of the social organism, could, under certain conditions, be a valuable weapon in the fight for the political and economic demands of the working-class.*

As mentioned above, the franchise-reform was the chief political demand of the Socialists, and the Inter-Scandinavian Congress of 1901 gave its support to the organization of a general strike in Sweden the aim of which should be to force the Government to concede the franchise-demands of the workers. The Swedish Socialists also convened a special Congress on the question. The debates of this Congress were held in secret, a circumstance which caused a certain amount of excitement. The Congress decided to organize a general strike while the franchise-debates were being held in the Diet in the spring of 1902. Money was raised by the trade-unions for the purpose, and support was also given by the trade-unions in Denmark and Norway. The general opinion among the workers was prepared by mass-meetings and demonstrations, and it was decided that the strike should start immediately the franchise-debate began in the Diet. The strike was to embrace more particularly the workers in the towns and in other big industrial centres. It actually took place and lasted from May 15-17, involving about 116,000 workers.†

Socialists and Radicals at the time claimed that the strike exercised a decisive influence upon the franchise-question. But, as

* These principles had already been laid down by a resolution passed at the first of the above Congresses held at Norrköping.

† This is the estimate of the Social Democratic Labour Party. In the Government Report on the strike the total number of strikers was estimated at 95,000.

THE GENERAL STRIKES IN SWEDEN

already shown, this question was not solved but postponed by the Diet in May 1902, and in fact the Socialists have admitted since that the strike, which should be regarded merely as a mobilization-experiment for the purpose of demonstration, exercised no influence upon the solution of the franchise-question.* The whole strike was thus only an experimental measure of little or no practical importance to the working-class. It resulted, however, in hardship and suffering for many of the strikers who were not reinstated after the strike in their employment. On the whole the political strike certainly did more harm than good to the workmen.

The franchise-question was not settled, however, and so the question of general strikes soon reappeared. In 1904 a ballot was taken of all trade-unions, including even those which were not affiliated to the Social Democratic Labour Party; the object was to decide whether a general strike should be organized in order to hasten the passing of the franchise-reform. The majority declared in favour of a general strike. However, when in 1905 the strike became imminent the trade-unions began to hesitate. They objected to the strike being declared for an unlimited period, as had been suggested, and claimed guarantees against eventual reprisals in the form of the dismissal of the strikers by the employers. As such guarantees, naturally, could not be obtained the question of a political strike receded into the background for the time being. Finally the question came up again in 1907, when the franchise-reform was about to be carried through its first stage, but a special conference of the Social Democratic Labour Party declared against a strike.

Side by side with the political strike-movement there had grown up a movement for the extension of the economic strikes; and when the former movement was checked in 1907 the latter went ahead and finally resulted in the general strike of 1909.† The increasing strength of the employers' organizations made it easier for them to resist the demands of the workers, and consequently disputes were almost invariably settled in their favour. This fact gave rise to the movement for the extension of the strikes in order thereby to bring greater pressure to bear upon the employers, and also to gain the support of the community for the settlement of the disputes. In fact the National Confederation, when proclaiming the general strike of 1909, hoped that the Government would intervene in favour of the strikers against the employers.

* *Landsorganisationen, Fackföreningsrörelsen*, vol. I, p. 169.

† An interesting account of this strike has been given in the *Economic Journal*, December, 1909, by Sir Henry Penson, who was in Stockholm and studied the development of the strike.

LABOUR POLICY

The general strike of 1909 was pushed on by the rank and file, and it was not necessary for the leaders to take any special measures to carry the men with them. The National Confederation has even declared since that the demand for a strike came from the workers and that the leaders did not possess the power to resist.* This proves that when a movement has once been started among the working-class and has continued for nearly two decades, as was the case in this particular instance, it is hardly possible to stop it except after a signal failure.

It would be unjust, however, to blame the workers only for the general strike. The employers, conscious of their increasing strength, began not only to show fight, but also to adopt a more and more provocative attitude, looking for opportunities of proving their power. In 1905 the employers of the engineering works declared a lockout, and in spite of the fact that the whole Labour movement unitedly supported the men, the dispute was settled in favour of the employers. In 1906 the General Association of Employers demanded that collective agreements should not contain any clause which forbade the employment of non-unionists. The National Confederation recognized fully that if this demand were conceded it would be a severe blow to the trade-unions, but gave way when the Association threatened to declare a general lockout. The depression of trade in 1908 caused a great deal of labour unrest, as the employers in several industries declared lockouts in order to reduce wages. That this should give rise to bad feeling among the workers was natural, and the idea of a general strike became popular. This step was again contemplated seriously in the summer of the same year, but was abandoned in the end, the trade-unions having to yield to the demands of the employers as the funds at their disposal were insufficient to carry on a prolonged strike. This led to much dissatisfaction among the workers, and many of them left their trade-unions and joined the Young Socialist organizations.

In 1909, however, when the unions had put their house in order and had increased and amalgamated their strike-funds, the time for a general strike seemed opportune ; it is doubtful if the leaders could have restrained the rank and file at this time, had they tried. Throughout the early part of 1909 there was a good deal of industrial unrest in different parts of the country. Although the depression of trade continued the workers persistently demanded higher wages ; the employers replied that it was quite impossible to meet these demands under the prevailing conditions. The result was that both strikes and lockouts were proclaimed in several large industries, and in many cases were accompanied by local industrial unrest, and in

* *Landsorganisationen, Fackföreningsrörelsen*, vol. I, p. 170.

THE GENERAL STRIKES IN SWEDEN

some instances the workers broke their agreements with the employers.

In July the General Association of Employers decided to take a decisive step in order to bring the unrest to an end. They issued a manifesto threatening to declare a general lockout unless the chief disputes were settled within a certain time.* This decision of the Association was formed in view of the prevailing economic situation. As a rule the policy of the employers during times of prosperity had been to purchase industrial peace by yielding to the demands of the workers. By doing this strikes were avoided and employers were able to take greater advantage of the favourable situation of the market. In times of depression the situation was different. Then it was often to the advantage of the employers to limit production by a lockout in order to bring prices up to their previous level, the supply being diminished in proportion to the demand. This was the reason why the General Association did not hesitate to proclaim a general lockout which was calculated to stabilize the market, at any rate to some extent.

The threat of a general lockout affected, in the first instance, 80,000 workmen employed in industries in which disputes were proceeding. But the General Association had the power to extend the lockout so as to include all the workers employed by masters, or companies, which were members of, or affiliated to, the Association, i.e. in all about 160,000 workers. There was the still further possibility that a sympathetic lockout would be declared by the other organizations of employers, and this would increase the number of workers involved to about 260,000. Faced with this situation the National Confederation, in conjunction with the Executive of the Social Democratic Labour Party, found it better to attack than to be attacked. The Confederation decided that if no settlement were arrived at in the industries first threatened by a lockout, and if the General Association of Employers decided to put the lockout into effect, the workers should answer by proclaiming a general strike to begin on August 4th all over the country. As no settlement was arrived at in the above disputes, and as the General Association consequently declared a lockout in the industries concerned, the National Confederation issued the general strike manifesto on July 27th. Five days later the strike began, and on August 9th the number of strikers was more than 285,000†.

The object of the strike was actually non-political but the bearing

* The time-limit was different for different industries and enterprises. The average limit was about a fortnight.

† *Report of the National Confederation*, 1909, p. 44. The Government Report on the strike puts the figures for August 10th at nearly 300,000. Vol. I, p. 124.

LABOUR POLICY

of the strike was naturally of great political importance. It may be considered the first great battle in Sweden for supremacy between the fighting organizations of Capital and Labour. The men's leaders seem to have known from the outset that the strike would end in the victory of the employers, but the rank and file thought otherwise and were convinced that the general strike would be the first step towards the attainment of a new social order, and this was the reason why they gave it their support so freely. But this was also the reason why the *bourgeois* class united in their struggle to defeat the strikers. Although the strike was of an economic character it divided society into two antagonistic parties, the proletariat on the one hand, and the propertied classes on the other.

Recognizing the danger of the situation the Conservative Government under Admiral Lindman, with Count Hamilton as Home Secretary, adopted a very firm attitude. By its precautionary measures with regard to the supply and distribution of food, and by the maintenance of the means of transport and of the public utility works, the Government mitigated the hardships of the strike so far as the general public was concerned. Although the working-class families were the first to need this protection there is no doubt that the Government measures assisted the whole community greatly in its defence against the strikers. This irritated the workers, and when the Government, in order to prevent disturbances by the strikers, organized a comprehensive system of military protection, the strike-leaders openly accused the Government of intervening in favour of the employers against the people. The anger of the workers was increased still further by the organization of voluntary "public security brigades,"* and of associations of "blacklegs," the latter supported freely by the General Association. The *bourgeois* press developed a high activity on the side of the employers, and in many cases it was not altogether scrupulous in its methods. Under these circumstances the strikers are to be congratulated on their quiet and law-abiding attitude during the strike. The National Confederation issued manifestoes urging the strikers to maintain order, and to avoid all violent acts which would only injure their cause and strengthen the position of their opponents. Furthermore, the strike-leaders in the different towns and districts appointed a large number of custodians of the public peace, who were often more respected by the strikers than were the police, the military, and the voluntary special constables. The number of crimes and offences committed during the strike was also comparatively small, a fact on which the Government Report laid great stress.† The total

* Cf. Sir Henry Penson's article in the *Economic Journal*, Dec. 1909.

† Vol. I, p. 235.

THE GENERAL STRIKES IN SWEDEN

prohibition of intoxicating drinks for the whole time during which the strike lasted no doubt contributed largely to this result.

The Representative Assembly of the National Confederation had decided to fight the strike without giving strike-pay of any kind. The Executive, however, imposed a levy of 4 crowns a week on all workers who remained at work in order to raise a fund out of which those workers who suffered from the consequences of the strike should be assisted. Subscription-lists were opened for voluntary contributions, and the officers of all trade-union organizations were asked to give up their salaries as long as the strike lasted. Substantial contributions to the general strike-fund were received not only from the Confederations in Denmark and Norway but also from the General Committee of the German trade-unions. In order to spread information about the strike Herr Branting was sent to Berlin, Herr Lindley to England, where he attended the Trade Union Congress at Ipswich, and Herr Tholin to U.S.A., where he delivered lectures on the general strike at meetings held in different parts of the country. Besides this the central trade-union organizations in different countries were kept in touch with the development of the strike, and representatives from the Danish and Norwegian Confederations attended the meetings of the Representative Assembly at Stockholm.

An important phase in the strike was reached when the Swedish Federation of Compositors joined in it. By this step the whole press was stopped for a few days. The strikers, however, started a special paper, *Svaret* ("The Answer"), of which the general circulation was about 150,000 copies*, and for some days this was the only paper which appeared in Stockholm. But the larger newspapers were soon able to start the issue of smaller editions, the work of the compositors being done by the clerks and officers of the papers, as well as by highly-paid "blacklegs" recruited from all classes of society. If the fight of the newspapers against the strikers had been bitter before, it naturally grew still more bitter after the strike of the compositors.

The strikers made repeated attempts to bring in the railway servants. The normal, or almost normal, train-service was a source of intense irritation to the strikers as well as of encouragement to their opponents: both classes knew that so long as the distribution of food and other necessities went on undisturbed the community would never feel the full pressure of the strike as it would have done had railway transport been suspended, or interrupted seriously. A meeting in one of the parks in Stockholm attended by 40,000 strikers passed a resolution urging the railwaymen to join in the

* *Report of the National Confederation, 1909, p. 44.*

LABOUR POLICY

general struggle and stop the trains. Most of the railwaymen were, however, State-employees, and consequently they would have been dismissed if they had struck ; while employees of private railways were bound by contracts not to strike. On the whole, therefore, the railwaymen refrained from taking part in the strike, although constant pressure was brought to bear upon them by the strikers. The attitude of the strikers with regard to the railwaymen is worthy of special attention as it explains certain actions of the Government dealt with below.

On August 19th the official Conciliator, Herr Cederborg, suggested the appointment of a Board of Conciliation endowed with authoritative powers, and a few days afterwards the leader of the Liberal Party urged the Government to act as special Conciliator. In answer to these proposals the Government on August 30th issued a proclamation to the following effect : When the struggle between Capital and Labour was extended by the general strike to industries in which the stoppage of work was fraught with great danger to the life and security of the community ; when the strike was proclaimed in spite of binding agreements between masters and men, thereby violating the principle of good faith on which all social order must be based ; when the strike leaders openly endeavoured to induce State-employees to neglect their duties ; then the strike was no longer a trial of strength between employers and workers, but a direct attack on the community at large. Under such circumstances it was not possible for the Government either to make, or to assist others to make, concessions to those who started the struggle. The latter must learn that above every class stood Society, and that the power and interest of Society were above those of the different classes composing it.

The first men to resume work were the members of the trade-unions affiliated to the Swedish Workmen's Federation, a non-Socialist organization.* This Federation had accepted the proposals of the Conciliator before the strike broke out, on condition that the lockout should not be extended into a general lockout. When the general strike was declared the Federation joined in, not from any belief that favourable results would accrue to the workers, but because it did not wish its members to act as blacklegs towards the other Labour organizations on strike.† As early as August 17th the Federation decided to resume work, and this began on the following Monday.‡ The Federation declared itself opposed to the policy of the National Confederation which had led to the breach of

* *Vide* p. 94.

† *First Circular of the Federation of July 29th 1909.*

‡ *Sixth and Seventh Circulars of the Federation.*

THE GENERAL STRIKES IN SWEDEN

pledges. In its opinion the collective agreements were of too great importance to be disregarded. The Federation was opposed also to the strike of agricultural workers during the harvest, on the ground that such action was inimical to the interests of the whole nation. Further, in its manifesto to the workers it called upon all unorganized workmen to resume work. The separate peace concluded by the Workmen's Federation was the first severe check to the plans of the National Confederation. According to the reports for August 28th about 43,000 workers had already resumed work,* and unorganized workmen in ever-growing numbers followed the advice of the Federation. In fact it was impossible for the unorganized workers, who for the most part were unskilled and had been unable to save money from their scanty wages, to maintain themselves for long without work.

At the beginning of September the National Confederation saw clearly that the game was up, and declared itself willing to accept the proposal of the Conciliator to limit the strike to those enterprises which were affiliated to the General Association of Employers, on the condition that where work was resumed the employers should guarantee (so far as technical and economic conditions permitted) the reinstatement of the workers employed before the strike. This so-called *cleavage* of the general strike was carried through on September 6th. The National Confederation hoped in this way to be able to keep the strike going by the financial support of the workers who had resumed work. It now became possible for the Government to reconsider its decision not to appoint a Board of Conciliation as the fundamental reason for its previous refusal was removed when the strike was limited to an ordinary industrial conflict between the central organizations of employers and workers. On September 12th the Government appointed a Board of Conciliation whose function was to bring about an agreement between the General Association and the National Confederation.

The *cleavage* of the strike did not have the desired effect. It was soon clear that the workers in enterprises which were affiliated to the General Association resumed work to almost the same extent as the workers in unaffiliated enterprises. In many cases the workers resigned their membership of the trade-unions affiliated to the National Confederation in order to find employment in enterprises controlled by the General Association, which Association had made it a necessary condition of reinstatement that the workers should resign their membership of the Confederation and pledge themselves not to support the strikers.* The longer the strike lasted the greater

* *Government Report*, appendix to vol. I, p. 73.

LABOUR POLICY

was the workers' fear of its consequences and the deeper their anxiety to find employment before it was too late. This fear also governed the policy of many trade-unions and made the struggle of the National Confederation more and more hopeless. The strike among the enterprises affiliated to the General Association involved originally 163,000 workers, but, in spite of the cleavage (which, it was hoped, would make the fight against this Association more effective) the number of strikers had, according to the official account of September 24th, been reduced by nearly 100,000.†

The proposals of the Conciliators appointed by the Government were constantly rejected while the strike itself gradually decreased in extent. Of the 158,000 workers registered by the General Association 128,000 had resumed work by October 9th, and 5,000 had applied for work. Under these circumstances the National Confederation decided to make a *second cleavage*. Officially the strike had been maintained against most enterprises affiliated to the General Association, but the Confederation now decided to limit it to the iron and coal mines and to the iron works, where the workers' power of resistance was comparatively strong. The inauguration of improved trade-conditions made it particularly important for the employers in the iron industry to come to an agreement with the National Confederation, and the Government also made attempts to bring about a settlement of the dispute. The National Confederation was determined, however, not to give way to the demands of the General Association which had in view the introduction of a system of compulsory conciliation and of arbitration for the settlement of disputes that needed adjudication, as well as of the prohibition of both strikes and lockouts during negotiations. The Confederation was not unwilling to give way on the points in dispute in the original conflicts, but was absolutely determined to resist the demand for a special procedure in future trade-disputes. It insisted that by this claim, and by their refusal of employment to workers in industries affected by lockouts, the employers had shifted their ground and had turned a trade-dispute into an attack on the rights of the trade-unions, and that here for the Confederation no retreat was possible. The General Association, also, gradually became aware that its demands were excessive, and on November 13th it made its first concession, when, after the failure of negotiations on that day, it revoked the lockout-order in the iron industry. This retreat was all the more remarkable as it had been declared

* It might be mentioned in this connection that a Social Democratic M.P. urged the workers to sign such pledges in order that they might break them at the first opportunity. *Government Report*, appendix vol. I, p. 79.

† *Ibid*, p. 77.

THE GENERAL STRIKES IN SWEDEN

expressly in the proclamation of the lockout, that it would not be revoked until all disputes were settled. It was not, however, until December 1st 1910 that the remaining lockout-orders were revoked. The General Association delayed its decision, not so much because it believed that the National Confederation would give way, but because the lockout made it possible to punish the National Confederation by refusing employment to certain particularly active Socialists and Trade Unionists and other undesirable workers. Many workers, therefore, had to resign from the National Confederation before they could obtain employment. The membership of the Confederation was reduced from about 170,000 members at the end of 1908 to about 108,000 at the end of 1909, and to about 85,000 in December 1910.* The membership of the Confederation was thus reduced by half in two years, and the reduction during 1910 was due to a great extent to the continued lockouts.

It is impossible to estimate the importance of the general strike from the agreements ultimately arrived at concerning the different conflicts which had been its immediate cause. It must be judged from its effect on, (1) The two central organizations of employers and workers, (2) The working-class in general, (3) The general economic situation of the country.

While the National Confederation lost 85,000 members, or half its membership, during the period from December 1908 to December 1910, the enterprises affiliated to the General Association employed 20,000 more workmen at the end than at the beginning of this period. These figures alone show that the result of the general strike must be regarded as a great victory for the central organization of employers. Furthermore, the economic losses of the respective parties show that the strike was more favourable, or rather less unfavourable, to the employers than to the workers. The total loss of the employers has been estimated at 25 million crowns, while the loss in wages of the workers amounted approximately to 39 million crowns.† This proves that the strike in reality hit the working-class harder than the employers' class. The experience of the strike also made it clear that as soon as the economic resources of the workers are exhausted they are forced to give up the fight. As their resources at the outset are less than those of the employers, and tend to diminish much more rapidly, the employees are naturally bound to lose in a long struggle.

That a general strike has very little chance of being successful is not the only thing to be considered. Besides this the strikers run the risk of being thrown out of work for a much longer period than

* *Report of the National Confederation*, 1909, p. 59; and *Ibid* 1910, p. 45.

† J. Guinchard, *Sweden*, Stockholm 1915, vol. I, p. 651.

LABOUR POLICY

the actual duration of the strike, and also of being evicted from their homes. The trade-unions complained bitterly of the evictions in consequence of the strikes. During the long strike in the iron mines and in the iron industry evictions took place on a large scale, and in many cases good and old workers were evicted. The number of evictions during the period July-December 1909 was 35 per cent. greater than during the same period in the previous year. Having regard to the length and violence of the strike however, this increase has been considered moderate.* The strike naturally caused a good deal of unemployment which gave rise on the one hand to increased emigration and on the other to a return of industrial workers to agriculture.†

It is interesting to note the influence of the general strike upon the imports and exports of the country. In August 1909 the value of imports was lower than in July, whereas as a rule imports increase considerably during this month. But when the shortage of goods arising out of the strike began to be felt the value of the imports increased, and was for each of the months September, October, November, and December considerably higher than during the corresponding months of the previous year. The influence of the strike upon exports was naturally greater, and from July to August they sank to nearly half the normal value ; indeed, it was not until November that they reached the same figure as in 1908. The staple commodities, wood, wood-pulp, paper, iron, and iron-ore, were affected most, and the decrease in the output of the two last-mentioned commodities continued right up to the beginning of 1910.‡

From the above it appears that although the general strike was directed against the employers it injured in the first instance the workers themselves and Society as a whole. The loss of the employers was far less than that of the workers, and was neutralized by the trade-depression which made a reduction of their stocks necessary. It was also largely compensated for by the increase of prices which forced the general public to make good a considerable part of the employers' loss.

The general strike marks the culminating point in the struggle for supremacy between organized workers and organized employers which had lasted for nearly a decade. The workers organized first, and were victorious so long as they could bring their combined strength to bear on individual employers and isolated companies. The disputes during the early years of the present century were an

* *Government Report*, vol. I, p. 263.

† *Ibid*, p. 267. The National Confederation in December 1909 paid unemployment-relief to more than 16,000 workers.

‡ *Ibid*, pp. 237-241.

THE GENERAL STRIKES IN SWEDEN

almost continuous succession of victories for the trade-unions. But when, after the political strike in 1902, the employers began to combine and organize, the tables were gradually turned in their favour ; and when at last the employers were able to oppose the national trade-union organization with their own national organization the question arose as to which of these bodies was the stronger. Naturally, this could not be decided except by a fight of national dimensions, and it soon became evident that both bodies were anxious for an opportunity of testing their strength. This opportunity was afforded by the general strike, the result of which was the victory of the General Association of employers over the National Confederation of trade-unions, or, in other words, the recognition that organized Capital was in the end stronger than organized Labour.

CHAPTER VIII

THE POLITICAL LABOUR MOVEMENT IN NORWAY

SOCIAL and economic conditions in Norway are very much the same as in Sweden. It is not necessary, therefore, to enter into a detailed examination of these conditions in Norway but only to consider those points which are peculiar to that country.

The distribution of the population as between the towns and the country which, as a rule, is a good indication of the development of manufacturing industry as compared with agriculture, does not tell us very much in the case of Norway. The urban population in Norway in 1918 was 29.43 per cent. of the total population, and the rural population formed the remaining 70.57 per cent.* These figures, however, do not show the relative developments of manufacturing industry and agriculture, because out of the total number of factories and mines no less than 56.8 per cent. were spread over the country-districts, and the number of workmen employed in these enterprises amounted to approximately 48 per cent. of the total number of workmen engaged in manufacture.† Such a distribution of the manufacturing industry all over the country is probably peculiar to Norway, and is due to the highly-developed exploitation of the Norwegian water-power stations for industrial purposes. Moreover, according to the figures of the census of 1910 it is clear that the proportion between the population supported by manufacture and that supported by agriculture is quite different from the proportion between the urban and the rural populations. Thus the agricultural population numbered 990,177 or 41.7 per cent. of the total population, while the industrial population amounted to 634,487, or 26.7 per cent. As the number of workmen employed in manufacture increased by about 30 per cent, during the period 1910-18 it is at least very probable that manufacture can at the present time dispute with agriculture the first place in industry. In fact the prospects of agriculture in Norway are worse than in most countries as arable land forms only about 3.6 per cent. of the total

* *Statistisk Aarbok for Kongeriket Norge*, Christiania 1920, p. 2, table 2.

† L. D. Aarflot and N. V. Rogstad, *Industrilandet Norge*, Christiania 1919, p. 3.

THE POLITICAL LABOUR MOVEMENT IN NORWAY

area of the country, while it is 12.3 per cent. in Sweden, and 73 per cent. in Denmark.*

The great development of manufacturing industry in Norway took place at a later date than in Sweden. It began in the latter years of the nineteenth century, but did not make any great progress until after the dissolution of the Union with Sweden in 1905. During the period 1906-15 the number of workmen employed in manufacture increased by as much as 70 per cent, and the amount of horse-power in machinery employed for industrial purposes by about 330 per cent. During the period 1897-1915 the corresponding figures were 95 and 415, and the annual increase in the export of manufactured goods had risen by about 600 per cent.†

This great development was due to several causes, viz.: the awakening of the spirit of enterprise, especially after the dissolution of the Union; the utilization of the water-power provided by the Norwegian rivers; and, technical inventions of great importance.

A very large part of the Norwegian working-class possesses the same advantage as the small landowners and agricultural workmen in Sweden, namely the ownership of the means of production. This is the case not only with the peasants but also to a large extent with the fishermen who, in 1917, numbered more than 100,000.‡

Another factor which must be borne in mind when considering the economic conditions in Norway is the legislation with regard to the ownership and use of water-power. The State has by legislation secured to itself for all time the ownership of large water-power stations, has prevented monopolistic combines, and has secured the efficiency of the water-power stations and the use of the water-power for the general good of the country. The Norwegian State itself owns, at the present time, 10 per cent. of the total water-power in the country.§ Forests and mines are legislated for similarly. In this way the chief means of production are, or will be, owned by the people. This point, which is of the most vital importance to the Norwegian working-class, will be dealt with in greater detail in a later chapter in connection with the question of the nationalization of industry.||

The great industrial development in Norway came later than in

* L. D. Aarflot and N. V. Rogstad, *Ibid.* p. 12.

† L. D. Aarflot and N. V. Rogstad, *Ibid.* pp. 5-7. The repeal in 1897 of the so-called *Mellemrikslagen*, by which free-trade between Sweden and Norway was enacted, made it possible for Norwegian industries to develop under the protection of customs on Swedish goods. There were, however, even after 1897 some agreements for reciprocal free-trade in certain goods, but these agreements were annulled in 1905.

‡ *Statistisk Aarbok*, 1919, table 37.

§ L. D. Aarflot and N. V. Rogstad, *Ibid.* p. 88.

|| *Vide* pp. 495-501.

most other countries, and by the help of natural forces ; and in the consciousness of representing a new free country the Norwegian employers succeeded in developing industry to an almost incredible extent. They fought successfully in foreign markets ; the average wages were increased enormously*, and State-ownership and control in industry were developed highly. From these circumstances one would expect to find the Norwegian working-class content and satisfied. This, however, is not the case, and there are few countries where the demands of the working-class have been, and still are, so extreme as in Norway ; but it should be noted that Norway until lately has suffered comparatively less than many other countries from industrial unrest. As in Sweden, the standard of living of the workers has improved in Norway since 1914. By 1920 the cost of living had risen 214 per cent., but wages had gone up 264 per cent.†

The first attempt to organize Norwegian working-men was made by Marcus Thrane in 1848. The Labour movement he initiated is known as the Thraniter movement, and was revolutionary in character, being an after-effect of the February Revolution in France. The importance of this movement, however, lay less in its revolutionary ideas than in the attempts made by its leaders to organize the Norwegian working-class on a national basis. In consequence of the almost complete lack of manufacturing industry at that time, the agricultural labourers were the real supporters of this movement. The Government was very ill-disposed towards the revolutionary Thraniterian associations, and dissolved by force all those which did not reduce their activity to merely beneficial and charitable purposes.

The first trade-union, the Christiania Printers' Union, was established in 1872 ; other unions were formed quickly, and by 1883 they numbered fifteen. The first National Congress of Norwegian workmen since Thrane's time was convened at Christiania in 1880, and three years later the National Congress held at Trondhjem decided to bring about a centralization of the different Labour organizations which were spread all over the country. The political and economic Labour movements were closely connected from the beginning, and the centralization of the trade-unions aimed more at political than at economic co-operation. In 1884, on the initiative of the Printers' Union, the trade-unions of Christiania formed a Central Committee which was merely a political organization. This Committee published a newspaper called *Vort Arbeide* (" Our Labour ") which was

* The total amount of wages in 1911 was more than 190 per cent. higher than the total amount of wages paid in 1897. *Cp. Statistisk Aarbok*, 1919, table 41.

† *Législation Ouvrière et Prévoyance Sociale en Suède*, p. 15.

THE POLITICAL LABOUR MOVEMENT IN NORWAY

taken over in 1885 by the Social Democratic Federation (established in the same year), and later on by the Labour Party. Its name has been changed to *Social Democraten*.

A movement for centralization was also started at Bergen, and Arendal. Indeed it was on the initiative of the central Labour organization—called “Samhold”—assembled at Arendal that the Norwegian *Labour Party* was created in 1887. Nineteen Labour organizations were represented at the Arendal meeting where the programme of the Norwegian Labour Party was decided upon and drawn up. The main points of this programme were as follows : (1) Universal suffrage. (2) Introduction of a system for the protection of Labour, including the establishment of a uniform working-day. (3) Abolition of all duties on the necessities of life. (4) Direct and progressive taxation. (5) Support of strikes which were considered justifiable. (6) Time-work instead of piece-work. This programme clearly cannot be considered socialistic, but at a Congress held at Christiania as early as 1891 the Party adopted a purely socialistic programme, which was similar to that of the Swedish Social Democratic Labour Party and also based upon the Erfurter programme.

The National Confederation of Trade Unions (*Arbeidernes Faglige Landsorganisation*) was founded in 1899 for the same reason as the corresponding Swedish body.* By far the greater number of the trade-unions are affiliated both to this body and to the Labour Party. Economically the trade-unions are centralized into national amalgamated unions which are directly affiliated to the National Confederation. Politically they are affiliated to the Labour Party either directly, or indirectly by affiliation to local Labour parties, which in their turn are affiliated to the national Labour Party. The political Labour movement is thus, as in Sweden, based upon the economic organization of the working-class. Contributions to the political party are compulsory (as was the case in England before the Osborne Judgment) for all the members of a trade-union of which the majority has voted for affiliation to the Labour Party, without regard to the political views of the individual members. The Swedish trade-union members are not bound by any such compulsion. The rule of the Norwegian trade-unions in this respect has, however, caused much dissatisfaction among individual workmen, but it has undoubtedly increased the economic resources and the strength of the political movement. Moreover, in order to strengthen co-operation between the political and the economic movements, it has been decided that the Executive of the National

* Its membership in December, 1920, was 150,000 ; *International Labour Directory*, 1921, p. 443.

LABOUR POLICY

Confederation shall be represented by two members on the Executive of the Labour Party, and that this Executive in its turn shall be represented by two members on the Executive of the National Confederation of Trade Unions.

For a time the question of universal suffrage, in Norway as in Sweden, was the most important point in the programme of the Labour Party, and already the National Labour Congress at Trondhjem in 1883 had passed a resolution in favour of universal suffrage. The Radical Left Party in the Storting, in the election-campaign of 1891, had put universal suffrage on its programme as one of the most urgent reforms. After the elections it was in a majority in the Storting, but in order to carry through a constitutional reform, such as the reform of the system by which the Storting was elected, a two-thirds majority was required. The Radicals, however, did not command such a majority, and consequently the reform could not be carried through. The Labour Party, then, as compensation, demanded universal suffrage for municipal elections, because such a reform, being an ordinary legal measure, could be carried through by a bare majority. But the Radicals at that time were not prepared to introduce the proposed reform, and the whole question of electoral reform was left in abeyance for the time being. The immediate result was that the Labour Party decided to stand as an independent Party at future elections, and further, that the Party should not co-operate with any other Party, which did not have universal suffrage—political and municipal—on its programme. This decision had the desired effect, and the Radicals at the electoral campaign of 1894 declared themselves in favour of universal suffrage at municipal elections also. The Labour Party, therefore, could continue to co-operate with the Left Party, and the relations between the two Parties gradually resumed their former cordiality.

It was not until 1903 that the Labour Party was represented in the Storting. There were three reasons for this backwardness: (1) The small development of manufacture and the consequent lack of a cohesive proletariat. (2) The limitation of the franchise by property-qualifications. (3) The attitude of the Labour Party with regard to the Union with Sweden. The first point has been considered already in the introduction, and the second point will be dealt with in connection with the question of electoral reform. As regards the third point it may be noticed that, while the Left Party (which agitated for national independence by a complete separation from Sweden) had the support of the people, and at the elections of 1897 had returned 79 of the 114 members of the Storting, the Labour Party (which as a socialistic party with international ideas

THE POLITICAL LABOUR MOVEMENT IN NORWAY

could not advocate officially a dissolution of the Union) had not returned a single member and received in the aggregate only 947 votes.*

The Left Party in 1898 carried the electoral reforms which they had promised in the election-campaign and for which their members had obtained the support of the Labour Party. The property-qualifications were abolished, and the franchise was thrown open to all men over 25 years of age. The age-limit for eligibility to the Storting, however, was fixed at 30 years. Persons who had been convicted of certain crimes, and those who had received poor-law relief for the year preceding the election were excluded from the franchise. The extension of the political franchise was followed in 1901 by the abolition of property-qualifications for men at municipal elections, and in 1911 they were abolished for women, who had possessed the municipal franchise since 1896. In this connection it may be mentioned that political suffrage for women was introduced in 1907, and that the property-qualifications upon which their franchise was based were abolished in 1914. The success of the Labour Party in returning five members to the Storting in 1903 was the result first of all of the electoral reform, but also of energetic Socialist propaganda, particularly among the fishermen. This was the first direct political success of the Norwegian Labour movement.

Previous to 1906 there had been a system of indirect election to the Storting. In March of that year an electoral system, based upon direct elections in single-member constituencies, was established.† This system has played a considerable part in the development of Norwegian Labour representation. The Act provided for two ballots; in the first no candidate could be returned unless he had received an *absolute* majority, i.e. more than half the number of all the votes in his constituency. If no candidate received this majority there had to be a second ballot, and the candidate who received a *simple* majority, i.e. more votes than any of the other candidates, was declared elected. This method was highly unfavourable to the Labour Party. As it was not necessary to vote for the same candidates as in the first ballot, the Right and Left Parties could agree to vote together in the second ballot for a new candidate in the event of the Labour Party being stronger in one constituency than either of them singly. It is interesting to notice how many seats the Labour Party has lost in this way at different elections. The following table shows the number of representatives the Labour Party has actually returned as compared with the number they ought to have returned

* E. Bull, *Den Socialdemokratiske Bevægelse i Norge*, Trondhjem 1917. p. 19.

† *Grundloven* (Constitutional Law) 29 March, 1906.

LABOUR POLICY

according to the number of votes recorded for them in the first ballot.*

Election	Labour votes.	Votes of the Right.	Votes of the Left.	Returned Labour Candidates.	Number of Candidates cor- responding to number of Labour votes.
1906	43,100	88,300	134,400	10	20
1909	91,300	175,400	143,800	11	27
1912	128,500	162,100	195,600	23	35
1915	198,300	179,100	229,900	19	39
1918	209,300	207,500	213,400	18	40

These figures show clearly how disadvantageous the Norwegian electoral system of 1906 was to the Labour Party, and it is strange that the opposition to this system has not been stronger than it actually was. The explanation is given, however, in the Report of the Labour Party 1915.† After complaining about the result of the election the report says: "It is, however, a consolation that the Right Party at the last election has been hit almost as badly as we have been, and that the Left Party, which has now profited by election-luck, probably feels the shame of the result. If the electoral system is not changed soon the day will come when the fortunes of war will smile on the Labour Party, and give us the normal surplus of representatives. Considering the great progress we have made and are making, this is not improbable. The law of the majority cannot in the long run keep the representatives of the Labour Party out of the Storting." That the Labour Party in its turn hoped to profit by the present electoral method is thus clear enough. Very probably, however, the Labour Party misjudged the situation, because the second ballot, which afforded the non-Socialist Parties an opportunity of combining against a Socialist candidate in those constituencies where the latter did not command an absolute majority, was always bound to be distinctly unfavourable to the Norwegian Labour Party so long as it remained socialistic.

Since 1915 the attitude of the Labour Party with regard to the electoral system seems to have undergone a change. Although Proportional Representation was not on the programme of the Party its introduction seems to have been taken as a matter of course.‡ In 1917 several proposals on the subject were made by

* Cp. the subsequent *Reports of the Norwegian Labour Party, 1906-18, and Instilling I fra den Parlamentariske Valgordningskommission*, Christiania 1919, p. 25.

† In this connection it must be pointed out that there is still another reason why the Labour vote was comparatively much higher than the number of returned representatives. This reason is connected with the election-policy of the Party and will be discussed below. *Vide* p. 119.

‡ *The Report of the Social Democratic Group in the Storting, 1918, p. 17.*

THE POLITICAL LABOUR MOVEMENT IN NORWAY

different parties but they were all rejected. The Storting appointed a Committee to inquire into the question, and the Government Bill embodying the Committee's recommendations was carried by the Storting on November 29th 1919.

The new electoral system is based upon Proportional Representation in multi-member constituencies. Of the total number of representatives in the Storting (150) the urban population elects one-third, while the rural population elects two-thirds. As the proportion between the aggregate town- and country-populations is normally more like one to three than one to two, the electoral system undoubtedly favours the towns at the expense of the country districts.

The first election after the new system was held on October 24th 1921 and the result was as follows :*

Labour Votes.	Votes of <i>bourgeois</i> Parties.	Returned Labour Candidates.	Number of Candi- dates correspond- ing to Labour votes
276,200	528,400	37†	46

Thus the Labour Parties are represented in the Storting in closer proportion to their voting strength than they were under the old electoral system. However it is clear that the new electoral system has not secured a really adequate representation of minorities.

The Social Democratic Group in the Storting has several times proposed the reduction of the age-limit for the franchise from 25 years to 21 or 23 years. Its efforts met with success in the autumn-session of 1920 when the Storting accepted the reduction of the age-limit to 23 years. The Group has also proposed the abolition of the law by which a two-thirds majority is required before any alteration or reform of the Norwegian constitution can be effected, and has advocated the use of the referendum instead on any question involving constitutional change. These proposals, however, have been rejected by the Storting.

The influence of Russian Bolshevism has been felt much more in Norway than in Sweden. The fact is that Norway has been rendered more receptive of Bolshevist ideas by the working of its electoral system which has checked the parliamentary influence of the Labour Party. It has adopted much the same attitude as the Left Socialist Parties in Sweden and Denmark ; there is a close co-operation between these three Parties and all of them accept the programme of the Third International. Nevertheless, the Social Democratic Parties in Sweden and Denmark invited the Norwegian Labour Party to take part in the Scandinavian Labour Congress in January 1920

* Information supplied through the courtesy of the Record Office of the Storting.

† 29 Communists and 8 Social Democrats.

LABOUR POLICY

from which the Left Socialist Parties in Sweden and Denmark were excluded. The Norwegian Labour Party would accept the invitation only on condition that the two latter Parties were also invited to send representatives ; as this was refused the Norwegian Labour Party declined the invitation.

The programme of the Norwegian Labour Party, adopted in 1920, was divided into the following parts : (1) Statement of principles. (2) Working programme. (3) Policy at political elections. (4) Municipal programme. (5) Land-programme. The opinion of the Party with regard to nationalization and the establishment of shop-councils was also laid down in the programme.

In part (1) the Party declared that its object was to prepare for the world-revolution by which the political as well as the economic power of the community was to be placed entirely in the hands of the working-class. As its contribution towards the realization of this event the Party drew up its working-programme. According to this programme the first step would be the confiscation of all private capital used for exchange. This should be carried out gradually by heavy taxes on wealth and by restricting exchange. As a second measure the Party recommended the nationalization of industrial production, and of the means of transport. This should be accomplished in the first instance by the nationalization of banks and insurance companies, of wholesale trade and shipping, of all those natural resources which can be used for industrial purposes (as waterfalls, forests and mines), and also of all branches of industry which could be managed with advantage by the State. Retail trade should be controlled and co-operative production adopted. In order to get the support of the fishermen the Party suggested further that the State should aid them by providing fishing-boats and material. The houses in the towns should be nationalized and there should be State-control over all house-building. This was merely the industrial part of the working programme.

Among the other reforms advocated by the Party were the reduction of the age-limit at political and municipal elections to 21 years ; the abolition of the difference at elections between town and country ; the complete abolition of all military institutions ; the introduction of highly progressive taxes on income and wealth ; the complete abolition of customs-duties ; the introduction of effective measures to protect the working-class, especially against unemployment, and during night work in mines and factories, and in home-work ; the introduction of an eight hours' working-day for sailors ; and the establishment of a pension-system for everyone. The Party finally advocated the total prohibition of intoxicating liquors.

In laying down rules as regards the policy to be followed at

THE POLITICAL LABOUR MOVEMENT IN NORWAY

political elections the Party emphasized strongly the need for complete freedom, and directed that there should be no co-operation whatever with other political parties. The members of the Labour Party in each constituency should nominate the Party candidate under the direction of the local Labour parties. As a general rule candidates should be nominated in all constituencies, even if there were no chance of their being elected. This last recommendation is important as it is one of the reasons why the total Labour vote as compared with the number of successful candidates is larger than that of other parties. The practice of nominating candidates in constituencies where it is known with certainty that they have not the slightest chance of success may seem peculiar, but the reason is that the Party desires to know exactly how many votes it can command all over the country.

In its municipal programme the Party advocated, amongst other reforms, the establishment of elementary schools common to all children, and recommended that education in High Schools (gymnasiums), technical schools, and schools of household management should be free. Financial support should be given for university-education to those students considered capable of benefiting by it. Books and other material should be free in all schools; meals and necessary clothing should be provided in the preparatory schools. Most of the remaining points of the municipal programme coincided with the general programme of the Party, as, for instance, that the municipalities should manage and control the means of production for local needs, local credit, housing, and so forth.*

The land-programme aimed at the immediate nationalization of all large and all badly-managed estates; the big estates should be placed under the management of the community or divided into small lots and distributed among the agricultural workers, whichever were best for their cultivation; small farms cultivated entirely by one family should remain private property, and for such farms no rent should be paid to the landowners; all the forests of the country should be placed under the management of the community. As an effective step towards the realization of these proposals, the Labour Party recommended the establishment of local *Peasant Councils*, which should in the first instance press for the distribution of uncultivated land among farm-workers who did not possess land.

Moreover, the Labour Party recommended the immediate setting up of *Works Committees* and *Shop Councils* among the producers for the purpose of preparing industry for nationalization. These bodies were to deal with questions concerning wages and profits, or the

* Cp. M. Love, *Program og Retningslinjer af det Norske Arbeiderparti*, Christiania 1920.

LABOUR POLICY

engagement and dismissal of workers, and with disputes between individual workers and employers, etc. They should also undertake to collect the necessary material for a systematic organization of industry with a view to nationalization. The works-committees and shop-councils should form a *National Council* of which the object would be to deal with the above matters from the point of view of the whole community.*

From small beginnings the press of the Norwegian Labour Party has in recent years developed enormously, and has attained a position of great importance. At the end of 1919 there were no less than 40 papers and journals which were accepted by the Party Executive as official organs. Of these 15 were daily newspapers, the most important of them being *Social Demokraten*, published in Christiania; *Arbeidet*, published in Bergen; and *Ny Tid*, published in Trondhjem; they were first published in 1884, 1893 and 1899 respectively. Of the other papers and journals fourteen appeared three times a week, and the remaining eleven twice or once a week. A press office has been established common to the whole Labour press, to and from which news is communicated and despatched.

It may be noticed as a peculiarity that the name of the chief organ of the revolutionary Labour Party is still *Social Demokraten*. Indeed the members of the Norwegian Labour Party, in spite of their communistic tendencies, still call themselves Social Democrats.

The extreme revolutionary and Bolshevistic tendencies of the Norwegian Labour Party have alienated public opinion and deprived it of a large measure of support and sympathy. The development of the extremist movement in the Norwegian Labour Party, which distinguishes the Party from the leading Labour Parties in most other *civilized* countries, is worth more detailed consideration.

The Norwegian Labour Party was, from its inception, a purely Social Democratic Party, as its programme from 1889 onwards shows. There had also been a gradually increasing tendency to make the Party more democratic, i.e. to change it from a class-party into a party of the whole people. This tendency is particularly noticeable in the programme of 1911; democratization was in fact the natural consequence of the steady improvement which had taken place in the conditions of the working-class and which had bit by bit made the differences between the social classes less marked. But at the beginning of the present century another movement appeared which was directly opposed to the democratization of the Labour Party, adhering instead to the principle of class-warfare. From being a small minority this movement has gradually gained control of the

* A. Hansen, *Socialisering i Teori og Praksis*, Christiania 1920, pp. 191 seq.

THE POLITICAL LABOUR MOVEMENT IN NORWAY

majority in the Labour Party, and at present bears almost undisputed sway in the councils of the Party.

The first extremist tendencies appeared in Norway, as in Sweden, among the Young Socialists.* The First Young Socialist club was founded in Christiania in 1900, and the Young Socialist Federation of Norway was founded at Drammen three years later.† The Norwegian Young Socialist movement differed from the corresponding Swedish movement in several points. Its leader recognized the principle of class-warfare which was particularly advocated in opposition to the more democratic tendencies of the Labour Party as a whole, and thus they were in this respect on the same side as the Swedish Young Socialists. But while the characteristic feature of the Swedish movement was its anti-intellectual attitude, the Norwegian Young Socialists prided themselves on representing the scientific side of the Labour movement, like the Fabians in England. While the Swedish Young Socialists were suspicious of all university men, the undergraduates (*studenterne*) in Norway, were the real leaders of the Young Socialist movement—a circumstance which appears somewhat strange considering the class-warfare principles of the movement.

The revolutionary and syndicalist tendencies of the Labour Party did not, however, originate in the Young Socialist movement. The new movement was the product of new Labour conditions, and the syndicalist influence emanating from France and Sweden assisted no doubt in the development of the movement. From 1903 onwards the demands of the trade-unions had been conceded somewhat readily by the employers, with a consequent steady increase in the wages of the workmen. Out of the 762 trade-disputes, caused by demands for increased wages, during the period 1903–10, only 35 per cent. had led to strikes, while the remaining 65 per cent. were settled by agreements favourable to the workmen.‡ But as manufacturing industry increased in strength the employers began to organize amongst themselves as a protection against the trade-unions; and in 1911, when they felt strong enough, they decided to meet force with force. In that year they declared a lockout which involved about 32,000 workmen. The demands of the workmen were not met, and when they resumed work the funds of the trade-unions were almost exhausted. The result of this dispute was that many workmen began to think of new methods by which they could strengthen their position and fight the employers. It is in the light

* There was already in 1890 a Syndicalist movement but its influence was of little importance.

† J. Friis, *Den Moderne Arbeiderbevægelse i Norge*, Christiania 1918, p. 21.

‡ E. Bull *Ibid*, p. 30.

LABOUR POLICY

of these incidents that the resolution at the Trondhjem Labour Conference of 1911 ought to be regarded. This resolution, which is generally considered as the basis of the new movement, laid down the following principles.

The trade-unions should be changed into revolutionary fighting organizations. For this purpose the National Confederation should be divided into several independent bodies which would be able to grasp new situations as they arose more readily, and to act with greater promptitude. The collective agreements between trade-unions and the employers should be abolished, in order to facilitate action on the part of the workmen at times most convenient to themselves and most disadvantageous to the employers. Boycotting, obstruction, and sabotage, in addition to strikes, should all be used as fighting measures. On the whole the resolution recommended the same measures as were advocated in Sweden by the Syndicalists. The Norwegian Extremists were also revolutionary and anarchistic. Herr Tranmael, who had become their leader after the Trondhjem Conference, in a speech delivered at Christiania in 1912, even recommended criminal acts; as for instance the placing of dynamite in the machines in order to prevent "blacklegs" from working. There is, however, an important difference between the Swedish Syndicalists and the Norwegian Extremists. While the former are absolutely anti-parliamentary, the latter, though they recommend direct action and revolutionary measures in general, recognize the advantage of parliamentary measures for the Labour movement. As a matter of fact this inconsistent attitude has made it possible for the Extremists to dominate the Norwegian Labour Party. In reality this Party is neither Syndicalist, Socialist, Social Democratic, Anarchic, or Bolshevist, but is a mixture of them all.

The editor of the *Social Demokraten*, Herr Jeppesen, strongly opposed the proposals of the Extremists with regard to sabotage. In this respect he adopted the same attitude as Herr Branting when the latter was the editor of the Swedish paper *Socialdemokraten*. But in spite of the opposition of the Labour press, which was directed more against the criminal and stupid acts recommended by the Norwegian Extremists than against their views on class-war, the Extremist movement gradually gained ground, not only in the Labour Party, but also in the National Confederation.

There have been, however, some hard fights between the old Social Democrats and the adherents of the new movement at the Conferences of the Labour Party, and in April 1918 a Committee of the former issued what amounted to a call to battle by a manifesto which was circulated among the different Labour organizations. The Committee urged the members of these organizations all over the

THE POLITICAL LABOUR MOVEMENT IN NORWAY

country to win the Party back to Social Democracy, and protested against the policy of the new movement with its irresponsible action on the part of the masses, its military strike, and its dictatorship.* In reply to this manifesto the Executive of the Labour Party circulated among the affiliated societies and throughout the Party a statement as to the attitude of the Party and an appeal for unity. This document refuted the accusations of Syndicalism and Communism, and claimed that the Party was still a Social Democratic organization. It was, however, pointed out that the Party adopted a sympathetic attitude towards modern syndicalistic tendencies and was prepared to make use of this movement in so far as it might be of service to the working-class. The Executive emphasized further that the National Conference of the Party had been and still was in favour of the establishment of Soviets of workers and soldiers.†

The revolutionary movement, which was originally in a minority, has grown in numbers and influence under the leadership of Herr Tranmæl until at the present time it not only outvotes the Social Democrats led by Herrer Lian and Chr. Knudsen at the Labour Party Congresses, but is also the predominant factor at the Congress of the National Confederation. A typical expression of the new spirit is shown in the ultimatum which was delivered by the Party to the Government in March 1919. This ultimatum, which demanded certain constitutional reforms, ran as follows :

“ The National Executive of the Norwegian Labour Party submits to the Government and the Storting the following resolutions which have been passed almost unanimously at several Labour meetings all over the country :

“(1) Our demand is that there shall be introduced immediately an equitable electoral system based upon universal and equal franchise for all men and women over 21 years of age. We require also the abolition of the rule demanding a two-thirds majority on constitutional questions, which has hitherto been in force in the government by majority. We further demand that the new electoral system be established by June 1st and that the new elections be held immediately.

“(2) The labouring class demands that the *bourgeois* class should redeem the promises made at the elections, i.e. the establishment of a democracy. If this is not done the Government cannot expect Labour to feel any responsibility towards, or to assume any duties under, the present rule. If the *bourgeois* parties fail to introduce a thoroughly equitable electoral system before June 1st the Labour Party will order its representatives to retire from the Storting.

* *Report of the Norwegian Labour Party, 1918, p. 32.*

† *Arbeider og soldatraad.*

LABOUR POLICY

"The National Executive supports most strongly the unanimous demand for an entirely just electoral system and for a new election. These demands cannot be refused on formal grounds. If the Government and the Storting do not take these demands of the people into consideration far-reaching consequences will undoubtedly result.

"If parliamentary methods fail the political and social fight will certainly be intensified, and the Government will have to take the responsibility for it."*

The result of this somewhat sensational document was awaited by the people with great anxiety. What was the result? Did the Government give way? Did the representatives of the Labour Party retire from the Storting? Did the Labour Party and the National Confederation declare a general political strike? Did the revolution break out?—No, nothing happened. The ultimatum was a complete *fasco*, which showed that the Party Executive was merely "bluffing" and had no power to enforce the threats implied by its peremptory language.

The Social Democrats have always offered a vigorous resistance to the Bolshevik movement within the Labour Party. As they have been, for a long time, in a majority in the Labour Group in the Storting, but in a minority in the Party as a whole, the Party has not been able to carry on a uniform policy inside and outside the Storting. The Party Executive has repeatedly endeavoured to bring pressure to bear upon the group in order to force it to submission, but in vain. At the beginning of 1921 the rupture between Social Democrats and Communists was complete. When the Labour Party in 1920 formally adopted the twenty-one points of the Third International the Social Democrats decided to secede from the Party, and the Social Democratic Labour Party was formed in February 1921. It is represented in the Storting by 8 deputies, while the Communist Labour Party is represented by 29 members. However, the strong Social Democratic Parties in Sweden and Denmark will certainly exert all their influence in order to support the Norwegian Social Democrats in their struggle against Bolshevism.

* *Report of the Norwegian Labour Party, 1919, p. 49.*

CHAPTER IX

THE POLITICAL LABOUR MOVEMENT IN DENMARK

DENMARK is a pronouncedly agricultural country. Out of the total population of 2.7 millions in 1911 a little more than one million were engaged in agricultural pursuits. Denmark has much the same natural possibilities as England with regard to agriculture, but does not possess either the coal of England or the waterfalls of Norway, and therefore she has remained an agricultural country. More than 750,000 people it is true, are engaged in or dependent upon manufacture, but this number includes several branches of industry which are entirely dependent upon or closely connected with agriculture.*

The Labour movement in Denmark is older than in the other Scandinavian countries, and also, as will be seen, more moderate in character. The more conservative character of the Danish movement is naturally a consequence of the comparatively small development of manufacture. As Denmark is an agricultural country, without the peculiar natural resources (waterfalls, mines and forests) possessed by Sweden and Norway, the Labour movement there occupies a somewhat different position from in those countries, where these resources may be (and indeed to a great extent are already) taken over and controlled by the State.† The land-question is far more important to the Danish workman than it is to the Swedish and Norwegian labourer; in fact, it is the central problem of the whole Labour movement in Denmark. It is, therefore, also quite natural that the organization of agricultural labour should have reached a higher development in Denmark than in the other Scandinavian countries.

The distribution of land in Denmark, as in Sweden, is fairly democratic. Thus there were in 1916 only 2,127 estates of a gross value of more than 100,000 crowns each. The total value of these estates amounted to little more than 478 million crowns, while

* *Statistisk Aarbog*, Copenhagen 1920, p. 32 *seq.*

† It may be noticed that the Danish State in 1919 owned forests of which the total value was 25 million crowns. This is a very small amount as compared with the value of the Swedish State-forests. *Ibid.*, p. 67.

LABOUR POLICY

the value of the remaining 182,500 estates and farms was more than 3,400 million crowns. The most numerous types of farms are those of which the value is between 4,000 and 8,000 crowns, and between 20,000 and 50,000 crowns.* These figures are highly significant as they show approximately the distribution of wealth in Denmark, the greater part of the wealth of the country being represented by the land.

As in the other Scandinavian countries, the standard of living of the Danish workers has improved since 1914. In 1920 the cost of living had gone up 156 per cent. and wages 208 per cent.†

It must be pointed out at once that in no other country have the organizations of workmen reached such a high degree of development as in Denmark. This fact alone justifies a separate examination of the Danish Labour policy, even though it has much in common with the Labour policy of the other Scandinavian countries, particularly that of Sweden.

The seniority of the Social Democratic movement in Denmark to that of any of the other Scandinavian countries is due directly to the close connection between Denmark and Germany, and it was the Marxian Socialism in a modified form that penetrated into the Danish Labour movement.

In or about the year 1850 F. Dreier started a Socialist campaign advocating theoretical and idealistic Socialism. The results of this initial step were very unimportant, and it was not until 1871 that the Socialist movement made any real progress. At this time Louis Pio, the father of Danish Socialism, supported by Paul Geleff and Harald Brix, started energetic and effective propaganda. The organ of the new movement was called *Socialisten*. The same year the *Working-men's International Federation in Denmark* was created, under the leadership of Pio. This Federation adopted the principles of the First International, to which it was affiliated. The first trade-unions in Denmark were formed as branches of this Socialist Federation. Originally, therefore, the Socialist movement and Trade Unionism in Denmark formed one single movement. As in Sweden and Norway, there has never been any doubt in Denmark whether the trade-unions were socialistic bodies or not, even though the Danish trade-unions were for some time independent of the Socialist movement.

In 1873 Pio was tried and sentenced to five years imprisonment for advocating revolutionary measures, which he himself described as being "in accordance with or in defiance of the law," in some articles which he had contributed to *Socialisten*. The International

* *Statistisk Aarbog*, pp. 48-49.

† *Législation Ouvrière et Prévoyance Sociale en Suède*, p. 15.

THE POLITICAL LABOUR MOVEMENT IN DENMARK

Federation was dissolved by the police and the trade-unions were declared independent.* However, it was not long before the need of a political Labour organization was felt, and in 1878 the Social Democratic Party (*Socialdemokratiet*) was created. This organization was divided into a political and a trade section; the former undertook to control and organize political activity and propaganda, while the latter, to which the trade-unions were affiliated, was in charge of the economic policy of the Party. From this time onwards the political and economic Labour movements have been united closely, the spheres of action of each section well-defined, and their joint activity harmonious and progressive. The development of the Danish Labour movement was also very rapid. The early trade-union movement, which had almost entirely ceased to exist in 1878, revived to such an extent that in 1900 there were 1,195 unions with a total membership of 96,295, of whom 83,110 belonged to unions which were affiliated to the central organization.† This body, which was founded in 1898, is called *De Samvirkende Fagforbund* and corresponds to the National Confederations in Sweden and Norway. It is referred to in the following pages as the National Confederation of Denmark. Its membership in December 1920 was 300,000.‡

The political influence of the Socialist movement began to make itself felt much earlier in Denmark than in England and in the other Scandinavian countries. As early as 1884 the two Socialists, Holm and Hørdum, were elected members of the Danish *Folketing*, which is the Lower Chamber of the Diet. In 1900 the Social Democrats held 12 seats in the *Folketing* and 2 seats in the *Landsting*, the Upper Chamber, and no less than 260 Social Democrats were represented on the local boards and in other municipal bodies. This shows clearly that in 1900 (i.e. when the political Labour movement was in its infancy in the other Scandinavian countries) the Social Democrats were firmly established in the Danish Diet. This circumstance was due largely to the fact that universal male suffrage for electing to the *Folketing* had existed ever since *Grundloven* of 1849 came into operation, although the age-limit for the franchise was as high as 30 years. It must be noticed, however, that the non-secret ballot and the high property-qualifications for the franchise to the *Landsting* did a great deal to arrest the progress of Labour representation at the end of the last and at the beginning of the present century. In fact the landowners and employers were enabled

* Pio, who was pardoned after 2 years' imprisonment, afterwards emigrated to U.S.A.

† *Report from the Social Democracy in Denmark to the International Socialist Congress of Working men in Paris, Copenhagen 1900*, p. 2.

‡ *International Labour Directory 1921*, p. 357.

LABOUR POLICY

by the open ballot to bring pressure to bear upon their labourers, and this way of securing votes to the Conservative Party was indeed used frequently by the masters. By 1900 the Conservatives had been in power for nearly thirty years. The trade-unions also were accused of taking an unfair advantage of the open ballot in order to control their members' votes. Whether this was the case or not we are unable to decide, but the secret ballot was a reform for which the Social Democrats had long striven and its final introduction was due largely to their efforts. They were not at this time equally energetic in their efforts to abolish the property-qualifications to the *Landsting*. As a matter of fact, one of their leaders, Herr K. M. Klausen, said in 1901, after the Left Party* had come into power: "I now believe that we ought to let the Constitution have a rest, because it is certainly in good hands and will never under the present Government be subjected to undue interference, as it has been under previous Governments. It is of paramount importance for us in the Diet to direct our attention entirely to general legislation and to leave the Constitution alone."† This did not, of course, mean that the Socialists considered the franchise-question of no importance, but it proves that they paid less attention to this question in Denmark at the beginning of the century than did their brother Socialists in Sweden, where there were property-qualifications to both Chambers of the Diet.

The Liberal Government, which came into power in 1901, promised to act in and promote the interests of the working-class with regard to social legislation. The Socialists believed in and quietly awaited the fulfilment of this promise, but their expectations were soon dashed to the ground. The Liberals not only failed to keep their promise in respect of social legislation, but they also gave way to the demands of the Conservatives with regard to the increased military grants. The surrender on the latter point irritated the Socialists particularly, and the result was that they took up arms against all other parties at the election of 1903, determined to do their utmost to carry through an electoral reform. The Social Democrats returned 16 representatives to the Diet, 14 of whom went to the *Folketing*.

The two main matters of dispute in the newly elected Diet were the military question and the franchise-question. The Liberals remained in power and it soon became obvious that they intended to pursue the same policy as before on these two questions. This policy, however, did not receive the unanimous support of the Party,

* Cf. note p. 129.

† M. Rasmussen, *Haandbog for Socialdemokratiet vedrørende Politiske Sagers Behandling*, Horsens, 1913, p. 15.

THE POLITICAL LABOUR MOVEMENT IN DENMARK

and in 1905 there was a definite rupture, when 15 members broke away and formed *The Radical Left Party** which held very much the same opinion on the aforementioned questions as the Social Democrats. Thus both Socialists and Radicals advocated universal suffrage for men and women of 21 years of age at all political as well as municipal elections, and recommended that the receipt of poor-law relief in consequence of illness or unemployment should no longer be a disqualification. They also demanded the introduction of the referendum in all more important issues. In regard to the military question the Socialists proposed that the military forces should be completely disbanded, and that international disputes should be settled by arbitration. The demands of the Radicals followed similar lines. They advocated the reduction of the military forces to the minimum absolutely necessary for the defence of the country, the abolition of the forts of Copenhagen, and the consequent declaration of the Capital as an open town.

The Social Democrats and the Radicals co-operated at the elections of 1906, with the result that the Left Party lost its absolute majority in the *Folketing*. The Socialists increased the number of their representatives in the Diet to 28, of whom 24 sat in the *Folketing*. As in the other Scandinavian countries the Socialist press of Denmark was highly developed and influential, and at the time of these elections 25 daily newspapers were established, with an aggregate circulation of 97,000 copies a day.†

The Socialists and the Radicals worked together for an electoral reform during the whole of the period 1906-12, but their efforts were in vain. After the elections of 1910 they were still in a minority, and all their reform-proposals were rejected either in the *Folketing* or in the *Landsting*. The situation changed, however, in 1913. The Social Democrats and the Radicals after an energetic election-campaign succeeded in obtaining a majority in the *Folketing*; the Socialists were represented by 32 and the Radicals by 31 members, while the Left Party was reduced from 57 to 44. The Conservative or Right Party was completely beaten and returned only 7 members. Nevertheless, the opposition in the *Landsting* was still strong enough to prevent the Electoral Reform Bill being passed. After a fight lasting two years the opposition in the *Landsting* finally gave way and the Electoral Reform Act was carried by a majority of 51 votes to 12. The new Act of June 5th 1915 marked a great victory for the Socialists. This Act not only abolished the property-qualifications at municipal elections (and thereby, indirectly, at the elections to

* The Liberal Party was called the *Left Party*.

† *Cp. Report of the Social Democratic Party to the 7th Scandinavian Labour Congress, held at Christiania 1907, p. 42.*

LABOUR POLICY

the *Landsting*) but also introduced women's suffrage at political and municipal elections on the same conditions as for men, and further reduced the age-limit for electing to the *Folketing* from 29 years to 25, by annual stages spread over four years. The new Act was carried on the condition that the Diet should not be dissolved immediately—a condition which was considered necessary in order to prevent disturbances during the War-period.

It was with great expectations that the Socialists and Radicals opened the election-campaign of 1918, the first election after the new Act. The result, however, hardly justified their expectations. The total number of representatives in the *Folketing* had been increased by the new Act from 114 to 140, but the majority of the new seats went to the Conservatives, the Socialists and Radicals getting only nine. Instead of obtaining a majority of 63 against 51, as in 1913, after the new elections and in spite of the Reform Act, they had a majority of only 72 against 68. In the *Landsting* they were in a minority with 28 representatives (15 of whom were Social Democrats) against 44 Conservatives and Liberals. The question now was whether the Radical Socialist Government could continue in office, supported as it was by a small majority in the *Folketing* and without a majority in the *Landsting*. There was some talk of a Conservative Liberal Coalition, but the creation of such a Government fell through owing to differences of opinion between these two Parties. The old Government, to settle matters, asked for a vote of confidence in the *Folketing*; this was given by 70 votes to 62, and the Cabinet remained. As a matter of fact the Government was in a stronger position than the result of the election seemed to indicate. According to the new election-law 18 members of the new *Landsting* should be nominated by the old *Landsting* in order to maintain the continuity of this Chamber. The old Conservative *Landsting*, which had not been elected according to the new procedure, naturally sent to the *Landsting* its own partisans. It is clear that if the opposition in the *Landsting* had been too troublesome for the Radical Government, it would only have had to dissolve the *Landsting* in order to secure a majority in the newly-elected chamber.*

At the election of 1918 the Social Democrats received 262,796 votes out of the 921,300 votes polled for all parties, i.e. 28.5 per cent. This figure also corresponds to the number of seats that the Socialists held in the *Folketing*, i.e. 39 out of 140. The electoral system in Denmark, which was established by the Act of June 5th 1915 and amended by the Act of April 11th 1920, is based upon Proportional Representation according to D'Honts' method, and upon a very

* It is obvious that the principle of maintaining the continuity of the *Landsting* is made illusory in reality by the prerogative of dissolution.

THE POLITICAL LABOUR MOVEMENT IN DENMARK

careful distribution of seats. It seems to be the most complete electoral system that has been evolved as yet in any country, and gives each party almost exactly the number of seats that corresponds to the number of votes received by the Party. The country is divided into small single-member constituencies and into 23 large county-constituencies. The number of seats allotted to each large constituency is decided upon not before but after the election, and then in proportion to the aggregate number of votes polled in the constituency. The candidates of each Party are then elected in the order indicated by the number of votes they have received. This system has one disadvantage, namely, that it is impossible in some cases to avoid electing a candidate for a small constituency which is not that for which he was nominated. The large constituency, however, is his own, and the Act of 1920 provided that the electors had the right to vote either for a candidate in the small constituency in which they are registered or for a candidate of any other small constituency which belongs to their county-constituency.

From the above it is clear that in Denmark, the working-class is able to obtain equitable representation by means of a more satisfactory electoral system than that which prevails, for instance, in England, France or Norway, where the disproportion between Labour votes and Labour representation is particularly striking.

It is interesting to notice the influence that women's suffrage has exercised upon the relative strength of the Socialist vote in Denmark. It is well-known that the enfranchisement of women was one of the main reforms advocated by the Social Democrats, and there is no doubt that they expected this measure to be of advantage to the Socialist movement as a whole. All the evidence shows that the women did not take part in the election to the same extent as men. According to the election-statistics* only 71.5 per cent. of the women voted in Copenhagen as compared with 84 per cent. of the men. In the islands and in Jutland the corresponding figures for women were 65.1 and 67.5 respectively, while they were 84 and 83.9 for men. As the working-class women were not organized so well as the men it was obvious that the Labour vote among women would be less relatively than the vote of the propertied class. This was one reason why the percentage of the vote declined from 29.6 in 1913 to 28.5 in 1918 in spite of the lowering of the qualifying age-limit.

The Social Democratic Party in its report for the year 1918† advanced another reason for the decline in the Labour vote, namely that the position of the Radicals had been weakened, and that this

* *Statistisk Aarbog*, 1920, p. 176 seq.

† *En Redogørelse for Socialdemokratiets Riksdagsvirksomhed, Sommer-Samling* 1918, p. 4.

LABOUR POLICY

had reacted injuriously upon the Social Democrats. The Opposition had, as the report expressed it, united themselves against the Socialists from an "egoistic agricultural-class standpoint," and this was the reason for their success.

The year 1920 is certainly one of the most eventful in Danish history. Not only did Denmark regain the province of Sønderjylland, which had been seized by Prussia in 1864, but the question whether Denmark would be able to get back the other Danish-German provinces gave rise to political disturbances of unprecedented violence. As the Socialists and Radicals played a leading part in these events it is worth while to take a general survey of the political situation at this time.

The Radical Cabinet of Herr Zahle, which came into office in 1913, was still in power at the beginning of 1920. When the question of the sale of the Danish West Indies came up for decision in 1916 three so-called "control" ministers from the other Parties, one Conservative, one Liberal, and one Socialist, were appointed. The two former retired when the question was settled, but the Socialist, Herr Stauning, remained. This shows how close was the co-operation between the Radicals and the Socialists, and it was obvious that any attempt by the other Parties to replace the sitting Cabinet would meet with strong opposition from the Socialists. This, indeed, actually happened.

At the beginning of 1920 it was clear that the Government majority in the *Folketing*, if there really was a majority, was not very strong, and the Opposition Parties, which had not been in power for more than six years, began to prepare to overthrow the Radical Socialist Government. Their first step was taken immediately after the adjournment of the Diet for the Easter recess. The Opposition, through the agency of Ritzau's telegraph office, issued a declaration pointing out that the Government no longer had a majority in the *Folketing*, as there were as many members against it as there were for it, and that, as the Opposition was in a considerable majority in the *Landsting*, the Government had not sufficient parliamentary support to decide the policy of the country on such an important matter as the regulation of the frontier in Slesvig. The Opposition therefore demanded that the Government should appeal immediately to the country.

The position of the Government was this. It was willing to dissolve the Diet and order new elections, but not until the Electoral Reform Bill, which in reality was of more technical than political importance, was passed. It therefore refused to give way to the demand of the Opposition for the immediate dissolution of the Diet, especially as the Bill for electoral reform had just been rejected by

THE POLITICAL LABOUR MOVEMENT IN DENMARK

the Opposition. With regard to the frontier-regulations, the Government of Herr Zahle was opposed to the declared policy of the Conservatives and Liberals who advocated the creation of guarantees for the incorporation, or at least internationalization, of Flensburg. This city, though almost entirely Danish in population, was situated in the second referendum zone which was more German than Danish. The Government was of the opinion that, in view of the authority of the Allied Commission in Slesvig, any independent Danish action was not justified by the circumstances. The political situation suddenly became acute in consequence of the personal interference of King Christian. On March 29th the King sent for the Prime Minister and asked him to explain the policy of the Cabinet. Herr Zahle declared that the policy of the Cabinet as to the frontier-regulation was in accordance with the opinion of the Diet, and that it would be possible to come to an agreement with the Opposition on the electoral question. King Christian, however, said that this was not his opinion and suggested to Herr Zahle that his Cabinet should retire. When the Prime Minister answered that he saw no reason why his Cabinet should resign, the King explicitly informed him that he desired it to be so. This personal action of the King raised a storm of disapproval from the Government Parties and from sections of the people. There were demonstrations in the streets and cries for the immediate abolition of the monarchy and for the substitution of a republic in its place—a reform which formed part of the Socialist programme. The situation was very grave, particularly as the country was actually without any Government. It has been said that the King asked the Liberal leader, Herr Neergaard, to form a new Government and that he declined. At any rate the King was forced to ask the old Government to remain in office until the new elections had been held, but it refused. After the country had been without a Government for one day, Herr Liebe succeeded in forming a new Cabinet composed of more or less unimportant personalities from different parties. Herr Liebe declared in a proclamation that his Cabinet was merely provisional and had no other object than the carrying on of the business of government until the new elections, which would take place within a fortnight. But the situation was by no means cleared up. The Radicals and Socialists refused to accept the new elections unless their electoral reform were carried, and so rendered the position of Liebe's Cabinet impossible, and placed the King in a very awkward predicament.

On Wednesday the 29th there was a joint-meeting between the Executive Committees of the Social Democratic Party and of the National Confederation in order to discuss the situation, and consider what action should be taken. At noon it was decided that the

LABOUR POLICY

National Confederation should order a general strike to take place on April 6th, to apply to almost all services and branches of industry. It is, however, important to notice the following exceptions : (1) Employees in hospitals and similar institutions. (2) Workmen in water-works and gas-works. (3) Policemen. (4) Workmen in enterprises owned by the Labour organizations. (5) Workmen on the newspapers which had been opposed to the policy of the Liebe Cabinet. The demands of the strike-leaders were first of all of a political character. Thus it was demanded that the Diet should be summoned immediately in order to decide about the electoral reform and when the new elections should be ordered. Another requirement was an amnesty for political offences. The National Confederation, however, would not declare an expensive general strike for political purposes only, but made several conditions of an economic character among which the most significant were a higher bonus to meet the increased cost of living, and the opening of negotiations in regard to the introduction of *industrial councils* on which the workmen should be represented. This general politico-economic strike would undoubtedly have resolved itself into a long and bitter struggle between the representatives of the existing order, on the one hand, and the Socialists, on the other, if it had not been settled before the fight really began.

The Liebe Cabinet during the negotiations with the Socialists had made itself still more impossible even as a temporary Government. It is true Liebe declared his willingness to convene the Diet and to propose the electoral reform before the new elections, but he also pointed out that his Cabinet intended to remain in office even if a no-confidence vote were passed in the *Folketing*. The Socialists then broke off negotiations, declaring that the only way of dealing with a Government which held such principles was to destroy it. From that moment the Liebe Cabinet lost the support of the other Parties, and the cry of "down with Liebe" was mingled with that of "down with the King." In fact the feeling of the populace was so inflamed that a revolution might have broken out at any moment. The police and gas-workers were also affected and declared their intention of striking.

The situation, however, was saved by the energetic action of the Copenhagen City Council under the Socialist leader, the ex-Cabinet Minister, Herr Stauning. Realizing the immediate danger of a catastrophe, the Council decided by a large majority to send a deputation to the King in order to suggest that, for the security of the population, the Liebe Cabinet should be dismissed, as it was in reality the chief obstacle to a peaceful settlement. The deputation was received very favourably by the King in the presence

THE POLITICAL LABOUR MOVEMENT IN DENMARK

of Herr Liebe, who expressed himself somewhat ironically at the interference of a municipal body in national politics. The result, however, was that the King began to realize the absolute necessity of dismissing Herr Liebe's Cabinet, and this necessity was further emphasized at the Conference to which the King had summoned the leaders of the political parties in the Diet. The Liebe Cabinet actually retired in the early morning of Sunday, April 4th, whereupon the King immediately called upon Herr Friis to form a new Government, and by the evening the list of the Ministers was complete.

Now that the chief obstacle to a peaceful agreement was removed the interrupted negotiations with the Socialists for the settlement of the general strike could be resumed. It was at once clear that the Socialists were not willing to abandon any of the important demands for the satisfaction of which they had proclaimed the strike. This was also realized by the Government, which soon conceded their political demands. The situation was more complicated with regard to the economic demands for the General Association of Employers also had a right to speak. They gave way, however, to the main demands of the Socialists, and on Monday evening the National Confederation issued the order to bring the strike to an end. In consequence of Syndicalist and Bolshevik propaganda this order was not obeyed by certain trade-unions which continued the strike on their own account for some time longer. But the general strike was over, and the danger of revolution averted.

Unlike the Swedish general strike in 1909, this strike resulted in a victory for the Socialists. Various factors contributed to this result: the strike was proclaimed under much more favourable auspices; it took the people by surprise; it had at least the appearance of a strong protest against a violation of the parliamentary system of the country; advantage was taken of the political situation in order to settle certain old economic matters of dispute. Another factor which contributed largely to its early settlement was the part played by the Crown; it was evident in the early stages that the King, who rightly or wrongly was regarded as the originator of the strike, was very anxious to have it settled, and that he was prepared to bring pressure to bear upon the employers; there is little doubt that this aspect of the situation was foreseen by the Socialists, who were quick to profit by it.

The general strike was undoubtedly a great success for the former Government parties, but like many another victory it was bought dearly. The price paid by the victors was shown in the result of the *Folketing* election a few weeks later, when the small Socialist

LABOUR POLICY

Radical majority was changed into a clear minority. When the *Folketing* dissolved the Socialists and Radicals had a majority of 72 against 68, but after the elections they were represented by 59 members against 81 returned by the other parties. At the July elections in the same year the number of Socialists and Radicals was reduced to 58. In fact it was the Radical Party that suffered by the events of Easter week. Their membership was reduced from 33 at the beginning of April to 16 after the elections in July. On the other hand the membership of the Socialists during the same period increased from 39 to 42. The Left and the Conservative Parties profited most by the new elections.

There is no doubt that there were other reasons for the reduction of the Radical Party besides the incidents at the beginning of April. The Radicals had been in office for a very long period, and people had begun to get tired of them. Their economic policy had been very much criticised throughout the War, and so also had their waiting attitude with regard to the frontier-regulation of Jutland. But it seems very probable that the failure of the Radicals was due partly to the bitterness of the dissension between the propertied classes and the Socialists, and of this the general strike in April was a typical expression. It seems to be a rule of general application that, whenever there is a fight between the defenders and the assailants of the principle of private property, Radicals, whose opinions on the subject are divided or lukewarm, are sure to lose, no matter which side wins.

At the September election the result of the spring-election was somewhat modified. The Socialists were increased from 42 to 48, and the Radicals from 16 to 18. The Liberal Conservative majority, however, was secured by 81 members against 66 Socialists and Radicals.*

The Danish Social Democrats do not aim at the overthrow of the present State and its replacement by a Soviet or trade-union constitution, as is the intention of the majority of the Norwegian Socialists. On the contrary, the Danish Socialists consider the present State-machinery quite good enough for their purpose provided that certain constitutional reforms are introduced. The constitutional reforms that the Party at present demands are: (1) The abolition of the monarchy and its replacement by a democratic republic.† (2) The establishment of a one-chamber system in the Diet. (3) The lowering of the age-limit for the franchise

* The strength of the parties was as follows: Liberals 51, Conservatives 27, Commercial Party 3, Radicals 18, Socialists 48, German Slesvig Party 1.

† This point is not included in the political programme of the Social Democratic Party, but several Congresses have carried resolutions in favour of the introduction of a republican constitution.

THE POLITICAL LABOUR MOVEMENT IN DENMARK

from 25 to 21 years. (4) The introduction of the referendum for all questions of national importance. The Danish Socialists believe in the possibility of introducing their programme by parliamentary methods, provided always that the franchise reform is effected. It may be noticed in this connection that it was particularly emphasized at the Party Congress of 1919 that the Party did not aspire to political leadership before it was supported by a majority of the people.*

The programme of the Danish Social Democratic Party of 1919, like that of the analogous Party in Sweden, is divided into a general part, which formulates the ultimate object and general principles of the Party, and a special part, which determines the immediate measures by which the realization of the ultimate end shall be attained.

The general principles laid down in the first part of the programme are to a large extent the same as those of the Swedish Social Democrats' programme before its revision in 1911. Similarly the Danish programme is based upon the Marxian principles of the Erfurter programme.

The demands in the special part of the programme are divided into (I) Political, intellectual and civic demands; (II) Economic and social demands.

(I) Under the first heading fall, first of all, the above-mentioned demands with regard to constitutional reforms. The others are: (1) Complete freedom of speech, of the press, and of forming associations and combines. (2) Religion to be declared a private matter, the religious bodies and institutions having to arrange their affairs themselves. (3) Abolition of all military organization; international disputes to be decided by arbitration. (4) The whole educational system of the country to be organized by the State and the municipalities; equal compulsory education for all children, free of cost; no religious teaching in the schools; free university and technical education; compulsory physical training. (5) Legal proceedings to be free of cost; political offences not to be considered crimes; introduction of more humane principles in the punishment of criminals with a view to their real reformation; the members of the judicial courts to be elected by the people; abolition of military and ecclesiastical courts. (6) Certain citizens (as for instance sailors and domestic servants, who are at present placed under special regulations) to be put in exactly the same legal position as other citizens.

(II) Into this group fall the following points: (1) Abolition of all taxes which cause high prices for the people; direct taxes on

* *Cp. Report of the Congress, 1919, p. 83.*

LABOUR POLICY

income, wealth, and land ; special taxes on inheritance and increase of land-value ; a very sharp progressive scale in all taxes. (2) State and municipalities to take over all means of transport and all enterprises which have the character of monopolies ; all production to be organised gradually under the leadership and control of the State ; all public works to be conducted by the State in co-operation with the trade-unions. (3) Entailed and ecclesiastical estates to be taken over by the workers ; uncultivated land to be taken over by the State ; as a rule, land which belongs to the State should not be sold to private persons. (Stipulations are made for the use of the land). (4) The compilation and recording of official statistics relating to working-conditions, and to the conditions of production, consumption and exchange. (5) Free public medical attendance. (6) Unemployment-insurance. (7) Legal 8 hours working-day. (8) Equal wages for men and women. (9) Abolition of home-work. (10) Work on Sundays or public holidays, and night-work, to be forbidden, unless absolutely necessary to the community. (11) Work of children which interferes with their education to be forbidden. (12) Control of the conditions in all work-shops, factories, etc., by inspectors elected by the workmen themselves ; houses for working-men to be erected by the municipalities ; the rent to be paid by the workmen not to exceed the interest on the cost of building and the cost of keeping the houses in repair. (13) Private persons not to be allowed to employ Labour in prisons and similar institutions.

The programme of the Danish Social Democratic Party is obviously no master-piece of logical acuteness and consistency. In some cases it recommends that the means of production should be taken over by the State, and in others that this should be done by the workers themselves ; also under this programme it would still be possible for State-owned land to be taken over by private persons. The leading ideas of the programme, however, are fairly clear, and show close relationship to the ideas of the Swedish Social Democrats.

According to the words of their leaders the Danish Socialists look very hopefully into the future, encouraged by the consideration which the Government and the Diet have shown to their demands during the last few years.* In fact, certain of the above demands of 1919 have been conceded already, and others have been discussed seriously. Military courts have been abolished. Considerable reductions of the military forces have taken place, and the land-fortifications of Copenhagen have been dismantled.

* *Report of the Danish Social Democratic Party to the Inter-Scandinavian Labour Congress in Copenhagen, 1920, p. 12.*

THE POLITICAL LABOUR MOVEMENT IN DENMARK

As regards education, an Act has been passed which transfers to State-control the privately-owned High Schools. At the same time the educational system has been made more democratic, and under it clever children of the working-class are able to obtain Higher Education free of cost. A legal eight hours working day* has been introduced in all workshops, factories, etc., where the work is carried on night and day, in all State and municipal offices and undertakings, and in the majority of all private industrial firms and businesses. The questions of land-reform and of many other social reforms are under consideration by Royal Commissions.

Before leaving the examination of the political Labour movement in Denmark a few words may be said about the Syndicalist and Bolshevik movements. Syndicalist propaganda has been responsible for many unnecessary and meaningless strikes in Denmark. One syndicalistic strike which has been much talked about was the great strike of transport-workers which followed upon the general strike in April, 1920. This strike raised considerable opposition among all classes of people—as transport-strikes always do—but particularly among the small landowners who were to a large extent prevented from selling their products. As a matter of fact, the opposition of the people was directed not only against the Syndicalists but also against the Socialists who, though they helped to declare the strike, were strongly opposed to its continuance when the matters in dispute had been settled.

The Bolshevik movement has not attained to anything like the same dimensions as in Norway. Up to the present the Bolsheviks have no representatives in the Diet, but they have a sufficient number of adherents to enable them to appear as an independent political party at elections.

Both Syndicalism and Bolshevism have undoubtedly affected adversely the position of the Social Democrats who are, therefore, strongly opposed to them. They regard Syndicalism as a return to antiquated methods and Bolshevism as “the product of a revolutionary phase in a hitherto economically and politically primitive country.”†

Though the development of Socialist representation began much earlier in Denmark than in Sweden, it has undoubtedly gone much further in Sweden. The Swedish Socialists form the strongest party in both Chambers of the Diet, and in the Lower Chamber hold no less than 43 per cent. of the total number of seats; the Danish Socialists, on the other hand, are only the second Party in both

* Eight hours work during twenty-four.

† *Report of the Congress, 1919, p. 82.*

LABOUR POLICY

Chambers of the Diet, and represent only 30 per cent. of the total membership of the *Folketing*. One reason why the development of Socialist representation has been greater in Sweden than in Denmark, is, certainly, that the age-limit for the franchise is considerably higher in the latter country. Another reason seems to be the widespread prevalence of Liberalism in Denmark. In fact the Liberals have completely dominated the Danish Diet ever since the beginning of the present century, while in Sweden the Conservatives and the Liberals have been in a majority alternately. In fact the numerous Liberal candidates have always, at the elections to the *Folketing*, deprived the Social Democrats of a large number of Labour votes, although the Social Democratic Party claims to be the only body which is really representative of the Danish working-class.

CHAPTER X

THE INTER-SCANDINAVIAN LABOUR MOVEMENT

THE Inter-Scandinavian Labour movement has undoubtedly exercised a very great influence upon the Labour policy pursued in each of the Scandinavian countries. This movement, also, has been highly conducive to the bringing about of good relations between the Scandinavian countries; and in critical times the representative Labour organizations have rendered valuable services in the settlement of political differences between their respective countries.

The first Inter-Scandinavian Labour Conference was held at Gothenburg in 1886 on the initiative of the central organization of trade-unions of that city. The object of the Conference was to formulate certain principles which should be common to the Labour movements in the three Scandinavian countries. From the outset a marked distinction was evinced between the Liberal Trade Unionists and the Socialists. Several of the Swedish representatives were opposed to any political activity on the part of the trade-unions, while others declared themselves in favour of a very moderate policy. The majority of the Conference, however, adopted socialistic ideas, and the following resolution was passed by 40 votes to 17: "As it is clear that private capitalistic methods of production must always be an obstacle to the happiness and welfare of society, this Congress declares itself in favour of Socialist principles."* This resolution exercised a great influence upon the development of the Labour movement in each of the Scandinavian countries, and probably to it we may attribute largely the fact that the political and economic Labour organizations in these countries from the beginning declared their ultimate end to be the nationalization of the means of production.

Besides the above Socialist resolution the Gothenburg Congress passed several other resolutions, the most important of which had in view (1) The extension of the legal rights of the trade-unions. (2) The substitution of time-work for piece-work. (3) Fixed rates in the case of piece-work. (4) The establishment of unemployment- and sickness-funds, as well as of funds to enable workmen to study

* *Report of the 8th Scandinavian Labour Congress held at Stockholm, 1912, p. 36.*

*Stockholm
August 1896*

the trade and industry of foreign countries. The Congress also declared in favour of a strong centralization of the trade-union movement.

Up to the present century there had been altogether five Inter-Scandinavian Congresses. Plans for the establishment of some trade-union organizations common to the three countries have been discussed at several of these Congresses; on one occasion it was suggested that the national amalgamated trade-unions should be made Inter-Scandinavian instead of national, but this proposal was dropped, and all that was decided upon at the time was that the trade-unions of the different countries should support each other in trade-disputes. The most important step towards the co-operation of the Labour movements in the three countries was taken at the Congress held at Stockholm in 1897, where it was decided that one central trade-union organization should be established for the whole of each of the three countries, and that these central bodies should keep together and direct the Inter-Scandinavian Labour policy. As a result of this decision the National Confederation of trade-unions in Denmark was formed in January 1898; later on in the same year the National Confederation in Sweden was formed, and in the following March the Norwegian National Confederation. The fact that these big national trade-union organizations were formed within two years of the decision of the Scandinavian Congress shows better than anything else the very great importance of the Inter-Scandinavian Labour movement. It may also be mentioned that the first international Trade Union Congress was held at Copenhagen in 1901 on the initiative of the Scandinavian Confederations of trade-unions. In addition to the Scandinavian countries England, Germany, Belgium and Finland were represented at this Congress, and the last-named country ever since has sent representatives regularly to the successive Inter-Scandinavian Congresses.*

It was urged against the Scandinavian Congresses that they were held at too frequent intervals, and that this led to mere speculation instead of conclusions based upon experience. It was decided, therefore, that the next Congress after 1901 should take place in 1907. During the interval between these two Congresses the Labour movements in the three countries made very great progress, and hence the discussions at the Congress of 1907 were based upon a good deal of experience.

The Congress of 1907 declared the object of the Scandinavian Labour movement to be the replacement of the capitalist organiza-

* Finland is not, of course, a Scandinavian country, but it has been regarded as such by the Inter-Scandinavian Labour Congresses, probably on account of its former connection with Sweden, and of the small minority of Scandinavian inhabitants. We have not considered these reasons sufficient to warrant the inclusion of Finland in this study.

THE INTER-SCANDINAVIAN LABOUR MOVEMENT

tion of society by a Socialist order. This aim should be achieved by the fight of the workmen for the acquirement of the means of production, "to the extent to which evolution shows that one great branch of industry after another is prepared for it."† There is obviously no question of a violent revolution by which the whole of production would be placed in the hands of the manual workers. Nationalization by means of concession and expropriation laws, passed by parliamentary measures, seems to have been the idea of the above resolution. The Congress further declared itself in favour of a legal eight hours' working-day, of compulsory arbitration in disputes between workmen and employers arising out of the interpretation of trade-agreements, and of the State-support of the trade-unions' unemployment funds, etc.

It was decided, also, at the Congress that members of any trade-union affiliated to the National Confederation of either of the Scandinavian countries should have the right to be transferred to the corresponding trade-union in any of the other countries.

As regards the mutual economic support of the three National Confederations the Congress of 1897 had emphasized the fact that, if one of the National Confederations were involved in a dispute which it could not sustain alone, it was the duty of the other Confederations to contribute towards its support. This duty, however, does not seem to have been of a binding character; in any case, the contributions were voluntary and the amount was left to the discretion of the Confederations. The plan of levying compulsory contributions of fixed amount had its advocates, but was rejected by the Congress in 1907, when it was decided that the mutual strike-contributions of the National Confederations of trade-unions should not be made compulsory. But the Congress asserted its right to order a trade-union or amalgamated union in one country to enter into an agreement with a corresponding union in another Scandinavian country for the purpose of mutual support, provided that the union concerned were affiliated to the National Confederation of its own country, and that the above agreement would not prevent the union from fulfilling its duties with regard to this central organization.

The Congress of 1907 was the last Congress at which the representatives from all the Scandinavian countries were unanimously in favour of social-democratic principles and methods. Already at the Congress of 1912 the Norwegian Syndicalists, under the leadership of Herr Tranmæl formed a considerable body in opposition to the traditional social-democratic attitude of the Congress. It was more particularly in a debate on the organization and methods

† *Report of the Congress, 1907, p. 47.*

LABOUR POLICY

of the trade-unions that Herr Tranmæl advocated the syndicalist ideas. He pointed out that it was necessary for the trade-unions to employ much more aggressive methods now that the employers also were organized and offering a much stronger resistance to the demands of the workers than heretofore. Tranmæl therefore proposed: (1) That the written and binding agreements between workmen and employers should be replaced by "recognized working-conditions.*" (2) That the charitable aid- and benefit-institutions of the trade-unions should be abolished. (3) That the fighting measures should be increased; that ordinary strikes should be extended to general strikes and sympathetic strikes; that co-operative institutions should be organized so that they could participate in the class-war; that boycotting, obstruction, and sabotage should also be employed. (4) That the amalgamated unions should be independent administrative bodies, but affiliated to the National Confederation.

Herr Tranmæl's proposals were rejected by the Congress, but it was obvious that the new ideas aroused great interest. It was pointed out, however, that the Syndicalist ideas were not so new, even if they were new to the Scandinavian Congresses. The German representative at the Congress showed that Syndicalist principles had been tried in France but had proved unsuccessful and unpracticable. With regard to the organization and methods of the trade-unions the Congress passed a resolution of which the main principles were as follows:—

The gigantic and powerful combinations of employers make it increasingly urgent that the workmen should maintain their solidarity to a greater degree than was necessary before these combinations existed. The Congress, therefore, declares that it strongly opposes all movements which aim at, or tend to create, division in the trade-union organization, and that such movements should be fought by every means possible. The working-class would commit suicide if it surrendered to Syndicalist principles. The class-war must be fought on the widest possible front. The National Confederation of the different Scandinavian countries should be invested with the power of finally deciding all important trade-disputes. The necessity for trade-unions to join the National Confederation is also emphasized strongly.†

This resolution shows how keenly the majority of the Congress was opposed to all syndicalistic aspirations, and also what great attention was paid to this movement and to the means of combating it.

* He did not explain what he meant by this expression—whether the recognition should be by both master and servants, or by the workmen only.

† *Report of the Congress, 1912, p. 133 seq.*

THE INTER-SCANDINAVIAN LABOUR MOVEMENT

The dissensions between Social Democrats and Syndicalists increased gradually in strength, and led finally to a rupture of the Inter-Scandinavian movement in 1920, when the Norwegian Revolutionary Socialists refused to attend the Inter-Scandinavian Congress. The Syndicalists of 1912 became the Bolsheviks of 1920, and when the Swedish Left Social Democratic Party (Bolshevik) was refused admission to the Congress, the Norwegian Labour Party declared unanimously that it would not be represented at a Congress from which its Swedish comrades were excluded.

Undoubtedly the most important result of the Inter-Scandinavian Congress held at Copenhagen in January 1920 was the declaration with regard to the socialization of the means of production. It was argued that the aim of all Socialists should be to acquire economic and political power in order that they might transfer the means of production from private ownership to that of the whole community. As a means to this end the workers should organize themselves on three distinct lines : in trade-unions in the capacity of producers, in co-operative societies in the capacity of consumers, and politically in the capacity of citizens. No single one of these forms of organization was sufficient by itself to accomplish the Socialist purpose ; all three were necessary. The workers must also fit themselves to undertake the control of the means of production, and to this end the Congress recommended the introduction of a system of co-management between the employers and the workmen of privately-owned industries. The indirect influence in controlling industry which the workmen had acquired through the trade-unions was not sufficient ; the workers ought to have definite control as to the way in which each particular business was conducted. When this was acquired the workers would have a better knowledge of their own industry, and a sense of responsibility. Moreover, by obtaining access to the accounts of the different enterprises, they would be able to secure to themselves the full revenue derived from their own labour, and thus add to their pleasure in working. *Shop Councils* composed of workers and employers should be organized. In order to avoid divisions between these councils and the trade-unions the workers' representatives on the councils should be elected by the unions. These representatives ought to be appointed with due regard to their ability as administrative and financial leaders. Further, there ought to be a *National Industrial Council*, to act in conjunction with *District Councils* or *Central Councils*, for certain industries all over the country. The object of the National Council would be not only to make the workmen's control of industry more efficient, but also to transform gradually private enterprises into State-enterprises. The interests of the consumers also should be represented on this

LABOUR POLICY

Council. The large trusts and natural resources of the country ought to be the first to be socialized. The introduction of industrial democracy should prepare the way for socialization. The Congress stated emphatically that the transition from Capitalism to Socialism could not be effected all at once ; and, further, that the establishment of self-governing groups of producers was against the principles of Socialism. Industry must be placed under the ownership and control of the State. Democracy should be the basis, and Socialism the end of the workers' emancipation.

It is interesting to compare this declaration of the Scandinavian Majority Socialists with the official statements of the Revolutionary Socialists. The Inter-Scandinavian Congress of the Revolutionary Socialists, which was held at Stockholm in December 1919, appointed a committee to inquire into the question of socialization, and in the following February this Committee issued its report. The Committee recommended that the trade-unions and other fighting organizations of workers should immediately take in hand the organization of *Industrial Councils* composed entirely of workers. Any organization on co-partnership lines between employers and workers would only prolong the maintenance of the capitalist system and thereby retard the introduction of the Socialist order. The ultimate end of the industrial councils should be the transference of the ownership and control of the means of production and exchange from the capitalists to the working-class. The immediate object of the councils should be to acquire control at the source of production, i.e. in the factories and other works. In the first instance they should secure the power to engage or dismiss workers, foremen, and managers, to control the introduction of new machinery or new methods of production, and to regulate the conditions of housing and sanitation for the workers.*

The difference between these two policies is clear. The Majority Socialists insist that socialization must proceed on democratic lines ; they do not reject co-operation between employers and workers as a provisional and preparatory measure, but they do object to the collective ownership of property by self-governing groups of producers. The Revolutionary Socialists follow the Syndicalist principle that Labour is everything, and that, consequently, the workers themselves must own the means of production, and that all co-operation between Capital and Labour is impossible.

* Cp. A. Hansen, *Socialisering i Teori og Praksis*, Christiania 1920, pp. 211, seq.

CHAPTER XI

SOCIAL AND ECONOMIC CONDITIONS IN GREAT BRITAIN.

I—HISTORICAL SURVEY.

UNLIKE France and the Scandinavian countries, Great Britain is a pronouncedly industrial country, and her social and economic construction shows all the main characteristics of a capitalist community. To consider England as the prototype of the capitalist system (as has often been done on the Continent) seems, however, to be at variance with historical facts as well as with actual experience. Thus the uneven distribution of the land, which had been a characteristic feature of the British community for centuries before industrialism was born, is as responsible as the capitalist system for the social inequality in Great Britain to-day, and the most formidable capitalist and monopolist organizations are not to be found within the British Isles, but where such combines originated, in America and Germany. Yet it must be remembered that the British nation was the great industrial pioneer of the world, and that no other people has suffered so largely from the social evils of industrialism.

The darkest period in the social history of England (1750-1850) coincided with a period of unparalleled economic development. The study of those years reveals a striking contrast between good and evil. One side of the picture shows extreme poverty, wages insufficient to provide the bare necessities of life, women and children (from five years of age) substituted largely for men and working excessive hours, and—as a consequence of this and of the introduction of more and more labour-saving machinery—widespread unemployment, lack of the most elementary sanitary and moral precautions (resulting in depravity among the working-classes and a high death-rate), a low standard of elementary education, and workers deprived of the right of self-defence by combination and political representation; and we see finally, as a result of all this, the workers exhibiting a violent and revolutionary spirit directed in the first instance against the new machinery (which was regarded as the root of all their troubles) but also against the whole

LABOUR POLICY

social, economic, and political organization of society. The other side of the picture shows the discovery of epoch-making technical inventions (which increased industrial efficiency and brought into play the enormous natural resources of the country), the growth of a class of able and audacious employers, a prodigious increase in production and in export trade, together with a reduction in the prices of manufactures, the rapid growth of the population, and the development of the country into an economic and political world-power.*

The social side of the picture gradually alters. Parliament, under the influence of Liberal ideas passes Act after Act removing one after another of the causes of discontent among the working-classes, and from the middle of the nineteenth century onwards begins a distinct improvement in their social conditions. At the outset of the present century the United Kingdom possessed a system of factory-legislation which, with all its provisions as regards protection of women and children, health and safety in mines, factories and workshops, has been the model of all similar legislation in other countries. Enormous sums were spent annually on elementary education, and trade-unions were recognised legally. Moreover the franchise was extended largely.

Meanwhile economic development had continued, increasing exceedingly the wealth of the nation and improving the standard of living of the working-class. The national income increased from an average of £515,000,000 for the years 1835-1840 to £646,000,000 in 1851, £1,270,000,000 in 1883, £1,710,000,000 in 1904, and £2,165,000,000 in 1913. During the same years the aggregate wages increased from 171 million to 242, 550, 655 and 770 million respectively, and from 1850 to 1904 the purchasing power of the wage-earners was doubled.†

In forming a judgment of the capitalist system this result of half a century's industrial development is of the greatest importance. On the one hand it shows that many of the evils attaching to industrialism during its early stage of development were by no means

* The annual output of pig-iron increased from 17,000 tons in 1740 to 125,000 tons in 1796, and 635,000 tons in 1830. The value of the export of cotton goods was in 1760 only £200,000 but reached in 1830 £20,000,000. In Manchester the price of cotton yarn No. 100 sank from 38s. in 1786 to 6s. 9d. in 1807, and to 2s. 11d. in 1831. In the period 1750-1850 the price of steel was reduced to half. During the period 1760-1831 the population in England and Wales was more than doubled. G. F. Steffen, *Socialiseringsfrågans Förutsättningar och Läge i England*, Stockholm 1921, pp. 19, 24, 36.

† J. Stamp, *British Incomes and Property*, London, 1920, p. 427, and A. L. Bowley, *The Change in the Distribution of the National Income, 1880-1913*, Oxford 1920, p. 16.

ECONOMIC CONDITIONS IN GREAT BRITAIN

necessary consequences of the system, and on the other hand it proves that the wage-earning class shares largely the economic advantages of capitalism. Professor Bowley's investigations into the distribution of the national income during the period 1880-1913 prove, also, that the increase in the national income was shared with remarkable equality among the various economic classes, the aggregate wages increasing at the same rate as the income derived from capital.* These facts obviously confute the Socialist theory that capital seeks to extort an ever-increasing share of the national income, but support the *quantitative theory of labour* which holds that workmen's real wages have a tendency to increase in proportion to the increased wealth *per capita* of the population.

Yet it must be remembered that however much the social and economic position of the British working-classes improved during the nineteenth century there were still classes of workers whose wages did not keep pace with the general development, and who therefore remained in a more or less permanent state of destitution. Moreover, unemployment, which is more deeply rooted in the capitalist system and perhaps more disastrous in its consequences than any other social evil, was still present, aggravated by the general industrial situation. It is against these evils in the first instance but also against the whole capitalist system in which they originated that the British Labour policy of the present century has been directed. Whether, and to what extent, this policy has been successful may be gathered from the following chapters.

2—SOCIAL CONDITIONS.

THE independent peasant-class of the Scandinavian nations and the *petite bourgeoisie* of France which soften the dividing line between the proletariat and the capitalist class in these countries have no equivalent in Great Britain. The British middle-class is too heterogeneous to be regarded as an independent social class. It is divided into various sub-classes, each with special features and interests of its own, more or less closely connected with those of the two outer classes.

Though this sub-division is especially characteristic of the middle-class, yet it exists among the other classes—a fact which goes far to explain the lack of political unity, *e.g.*, in the working-classes. The distinctions between different classes and sub-classes are sharper in the United Kingdom than in most other countries. This is due partly to the uneven distribution of wealth and partly to

* A. L. Bowley, *Ibid*, p. 26.

LABOUR POLICY

the Englishman's special liking for class-building.* Members of one class are generally very careful to keep up the lower limit of that class, less careful about the upper. It is important to notice that this is also the case among the working-classes. A skilled worker considers himself to be of a considerably higher social standing than an unskilled worker. Pattern-makers in engineering, printing-operators, and other well-paid workers represent the "aristocracy" among the working-classes, while agricultural workers, dockers and other general labourers form the "lower orders."

The British working-class is much more numerous relatively than the working-class in those countries which we have already considered. While in France in 1911 not quite 55 per cent. of all persons who had occupations were wage-earners and 44 per cent. employers and independent producers, in England nearly 78 per cent. of the total number of occupied persons in that year belonged to the wage earning class.† Thus big employers, civil servants, members of the liberal professions, teachers, small employers, and independent producers formed the remaining 22 per cent.

The insignificant size of the class of small employers and the non-existence of an independent peasant-class are undoubtedly weaknesses in the social construction of the British community, as those two classes do most towards counteracting sudden and revolutionary working-class movements. But it is interesting to notice that the British workmen very often possesses two of the typical features of the independent peasant-class in other countries, namely practical sense and a deliberate mind. This is one reason why the absence of an independent peasant-class and of a strong *bourgeoisie* has not been so fatal to England as it might have been in a country with a more impulsive working-class.

The land-question has been at the root of most other social questions in England ever since the Middle Ages, and the uneven distribution of land throughout centuries explains very largely the social construction of the British community to-day. The system of private ownership of land which succeeded feudalism was not calculated to improve the condition of the agricultural population. Large enfeoffments of the nobility, the distribution of common-lands among the great landowners, and the purchase the Englishman's special liking for class-building.* The members

* Vide G. F. Steffen, *Ur Englands Samhällsliv och Kultur*, Stockholm, 1909, p. 21.

† *Annuaire Statistique du Ministère du Travail*, Paris 1917, p. 14. *General Report of the Census in the United Kingdom*, 1911.

ECONOMIC CONDITIONS IN GREAT BRITAIN

by them of the majority of small farms checked the development of the independent peasant-class and created in its stead an agricultural proletariat.

The industrial revolution and the agricultural revolution which went before it have also contributed largely to this result, and by the middle of last century the independent peasant-class was practically extinct. The shortage of agricultural labour consequent upon the Black Death in the middle of the fourteenth century made it impossible for the great landowners to cultivate their land properly and forced them to concentrate upon the production of wool, extending their pasture-land for sheep-breeding at the expense of arable ground. The textile industries in Flanders, and later on those at home also, made a great demand for wool and thus encouraged the continuance of this policy even after its original cause had been removed by a considerable increase in the rural population. Then, owing to the diminished demand for agricultural labour, a large number of farmers and crofters lost their occupations and sank into a state of great poverty. In the seventeenth and eighteenth centuries the agricultural proletariat increased considerably, and from 1750 onwards the growing industrialism absorbed readily large numbers of these non-propertied workers.*

The following figures give an idea of the distribution of land in England. According to John Bateman's investigation for 1883, 2,500 persons only were owners of more than half of the entire area of the United Kingdom,† and by an official inquiry for 1874 it was proved that 500 peers owned one-fifth of all land in England, and that in Nottinghamshire five persons owned one-fourth of the entire area of the country‡

The distribution of land in Sweden affords a striking contrast to these figures. Thus, in 1908, big estates, exceeding in value £5,500, represented not quite 6 per cent. of the total value of land in Sweden, while small farms of a value not above £1,100 represented nearly 70 per cent.§

The great development of industry and transport in the last century enabled the landowners to make enormous fortunes out of "unearned increment" in the form of rent (particularly in the growing urban districts), royalties for the use of mines, compensation for ground used for railways, etc. The uneven distribution of

* Cp. G. F. Steffen, *Studien zur Geschichte der Englischen Lohnarbeiter*, I-III, Stuttgart, 1901, 1904, 1905, and *Socialiseringsfrågans Förutsättningar och Läge i England*, Stockholm 1921, Ch. I-III.

† Sir L. Chiozza Money, *Riches and Poverty*, London 1909, p. 79.

‡ J. Hyder, *Profiteering in Land*, Land Nationalization Society, London, p. 3.

§ Finansstatistiska Utredningen, 1908, p. 155.

LABOUR POLICY

wealth to-day is, therefore, very largely a result of the uneven distribution of land.

Uneven distribution of wealth is one of the social evils which seem to be indissolubly bound up with the capitalist organization of society. It is present to some extent in all modern communities, but there is probably no other European country where the few possess such a large percentage of the national wealth as in Great Britain. A comparison with the conditions in France and in the Scandinavian countries throws some light on this point. Sir Leo Chiozza Money has estimated that in the United Kingdom 120,000 people, who with their dependants formed one seventieth part of the total population, were owners of about two-thirds of the entire accumulated wealth of the country.* In Sweden, on the other hand, a corresponding percentage of the population, *i.e.*, 14,000 of the richest people—were, in 1913, owners of 57 per cent. of the total private wealth and of less than half of the entire accumulated wealth of the country.† Comparison with France shows a still greater difference, for in that country in 1910 a fiftieth part of the population possessed approximately half of all private wealth.‡

The national income in all countries is distributed much more evenly than the accumulated wealth. In the fiscal year 1913-14 13,664 payers of the super-tax in England had an aggregate income of 171 millions, *i.e.*, approximately a thirteenth part of the total national income for that year.§ It is interesting to notice the distribution of the national income as between Capital and Labour. Professor Bowley has made careful investigations into the subject, and has come to the conclusion that in 1913 15,200,000 wage-earners received 770 million pounds, or 35½ per cent. of the national income; the intermediate class, including 4,310,000 shop-assistants, and others with salaries not exceeding the taxation-exemption limit and not usually classed as wage-earners, received 365 million pounds, or 17 per cent. of the national income; and, finally, the 1,190,000 tax-payers received 1,030 million, or 47½ per cent. - In other words, very nearly three-fourths of the population has to maintain itself on little more than one-third of the national income.

Denmark is the only other country under survey which has statistic material suitable for investigations as to the distribution of income between different classes. The Danish income-statistics, however, include only about half the number of all persons with

* *Ibid.*, p. 79.

† *Statistisk Årsbok för Sverige* 1920, tables 8, 227, 231.

‡ Compère-Morel, *La Concentration capitaliste en France*, Paris 1913, p. 8.

§ J. Stamp, *Ibid.*, p. 542, and A. L. Bowley, *Ibid.*, p. 16.

ECONOMIC CONDITIONS IN GREAT BRITAIN

occupations and the following estimate, therefore, has had to be based upon the average income of each profession in 1915 compared with the result of the census of production in 1911. The wage-earners, who numbered about 730,000, received approximately 480 million crowns, or 27 per cent. of the national income; the 420,000 employers and capitalists (including independent peasants) received 850 million or 50 per cent.; and 250,000 persons not classified in either of the preceding groups drew altogether 370 million, or 23 per cent.*

A comparison between the above figures for the United Kingdom and Denmark goes to prove that the distribution of the national income between Capital, on the one hand, and Labour and the intermediate class, on the other, is very nearly equal in both countries. This fact, the interest of which becomes greatly enhanced when we consider that the capitalist class in proportion to the other classes is more than six times as numerous in Denmark as in the United Kingdom, strongly supports the assertion that the share of the national income which goes to Capital is largely independent of the numbers of the capitalist class. The same conclusion is borne out by the fact that in England the share of the national income drawn by the capitalist class was approximately the same in 1880 (47 per cent.) as in 1913 (47½ per cent.), although this class increased more than twice as much as the other classes taken together.†

In spite of the uneven distribution of income in the United Kingdom it does not seem as if the economic standard of British workers were lower than that of their fellow-workers in the Scandinavian countries. On the contrary, comparison shows that before the War the British workers were on the whole better off. It must be borne in mind that a comparison of this kind must of necessity be only approximate as the statistics available are incomplete and somewhat difficult to compare. Even a rough estimate is, however, of great importance in arriving at an opinion as to the economic conditions of the British working-classes.

According to an official investigation for 1906 the average annual wage for an adult workman in British industry was £58 9s.‡ Adopting the average increase in wages as estimated by Professor Bowley the corresponding figure for 1913 would be £63 11s.§ The average wage for an adult workman in Swedish industry has been estimated

* *Statistisk Aarbog*, Copenhagen 1920, tables 33 and 151.

† On both occasions income derived from property was 37½ per cent, and income from labour, in its wide sense (services and work), 62½ per cent., A. L. Bowley, *Ibid*, p. 16.

‡ G. F. Steffen, *Socialiseringsfrågan*, p. 67.

§ A. L. Bowley, *Ibid*, p. 15.

LABOUR POLICY

for the same year at £68 6s.*; in the Norwegian industry at £61 8s.,† and in the Danish industry at £66 14s.‡ Naturally these figures are not in themselves sufficient for any definite conclusions with regard to the relative economic standards of industrial workers in the four countries concerned. For this the cost of living in these countries must be considered. The official investigations as to the cost of living are based upon different methods in the various countries, and they are therefore unsuitable for comparison. The statistics of retail food-prices published by the *Labour Gazette* and the corresponding quotations at Stockholm, Copenhagen and Christiania are more useful for an inquiry.

TABLE I.
RETAIL PRICES OF FOOD, JULY, 1914.

	United Kingdom.	Stockholm.	Copenhagen.	Christiania.
Milk, per 2 litres.....	34 öre	34 öre	38 öre	38 öre
Butter, per kilo.....	249 „	246 „	235 „	256 „
Margerine, per kilo....	120 „	139 „	125 „	148 „
Eggs, fresh, per 20	189 „	150 „	150 „	180 „
Potatoes, per 15 litres	108 „	115 „	75 „	156 „
Flour, per 3 kilo.....	75 „	96 „	78 „	96 „
Beef, thin flank, per 4 kilo.....	432 „	408 „	500 „	504 „
Mutton-breast, or veal, per 4 kilo.....	432 „	580 „	500 „	464 „
Sugar, per kilo.....	33 „	64 „	43 „	57 „
Estimated average....	100	109.5	104.3	113.5

(Prices in the United Kingdom=100).

Table I., which gives the average prices for nine articles quoted in all of the four countries, shows that in July 1914 food was more expensive in the Scandinavian countries than in England.§

* *Législation Ouvrière et Prévoyance Sociale en Suède*, Stockholm 1921, p. 13.

† *Statistisk Aarbok*, Christiania 1920, table 41.

‡ Estimated according to statistics prepared by the Central Federation of Employers.

§ Cp. *Labour Gazette*, 1921, p. 525; *Sociala Meddelanden*, 1921 p. 1037; *Statistiske Efterretninger*, 1921, No. 20; and *Meddelelser fra det Statistiske Centralbyrå*, 1921, numbers 6-7. The average price of wheat per quarter for the years 1901-1910 was in England 29s. 10d. (*Whitaker's Almanack*, 1922, p. 509), in Sweden 35s. 9d. (*Statistisk Årsbok*, 1920, table 83), and in Denmark 29s. 4d. (*Statistisk Aarbog*, 1920, table 81).

ECONOMIC CONDITIONS IN GREAT BRITAIN

Real wages can now be calculated by a comparison between the estimated average prices and the above quoted money-wages. If the level of real wages in England be quoted as 100, in Sweden it would be 98, in Denmark 100.6, and in Norway 85. In other words, the economic standard of industrial workers as measured by money-wages and food-prices was, before the War, .6 per cent. lower in England than in Denmark, but 2 per cent. higher than in Sweden and 15 per cent. higher than in Norway.

The conditions of agricultural workers differ somewhat in the four countries. The average wage of agricultural workers in England and Wales for 1908 has been estimated at 15s. 1d. per week.* Considering the general increase in wages this figure may be raised to 15s. 11d. for 1913. The corresponding figures for the Scandinavian countries were Sweden 16s. 5d., Denmark 15s. 6d., and Norway 18s. 7d.† Applying the same method as before, it is now possible to estimate real wages for agricultural workers in the four countries. The estimate gives the following figures: England 100, Sweden 94, Denmark 93.5 and Norway 103. Thus only the Norwegian rural workers had a higher standard of living than the British. The high agricultural wages in Norway are due very largely to the fact that factories and workshops are spread over the country districts, increasing the demand for labour in these neighbourhoods.‡ Considering that in Sweden there is an import-duty on corn, it is interesting to notice that real wages in agriculture were higher in England than in that country. It should also be remembered that the British Labour Party before the War considered agriculture in England to be "practically a sweated industry."§

Having estimated the relative standards of living of industrial as well as agricultural workers, it is now possible to arrive at a judgment as to the relative economic standards of the working-classes as a whole. This can be done by the help of these estimates and of calculations made with regard to the relative number of agricultural and industrial wage-earners in each country. By this process the following index numbers will be deduced:

	United Kingdom.	Sweden.	Norway.	Denmark.
Real wages	100	96	92	96

These numbers confirm our previous statement that on the whole

* G. F. Steffen, *Ibid*, p. 62.

† Estimated according to the official statistics in each country.

‡ *Vide*, p. 110.

§ Labour Research Department, *Wages, Prices and Profits*, London 1921, p. 38.

LABOUR POLICY

the British working-classes before the War were better off than the working-classes in the Scandinavian countries.

From these pre-War figures it is easy enough to estimate the changes which have taken place since 1914 in the relative economic positions of the working-classes in the four countries. The increases in the cost of living and in the average wage for 1914-1920 may be tabulated as follows :*

	United Kingdom.	Sweden.	Norway.	Denmark.
Increases in cost of living, 1914-1920	250	269	314	256
Increases in average wages....	275	304	364	308

(Pre-War level in each country=100).

Real wages have thus increased considerably both in England and in the Scandinavian countries since 1914. The relative economic standards of the working-classes in the respective countries can now be estimated for 1920. As compared with the pre-War level 100, 96, 92, and 96 in England, Sweden, Norway, and Denmark, the standard of living has been raised to 110, 108, 104, and 115 respectively. As far as one can judge from these figures, the improvement in the economic standards of the working-classes was greatest in Denmark and least in the United Kingdom. Yet British workmen are still better off than Swedish and Norwegian wage-earners. It is difficult to foresee whether in any of the four countries under survey the improvement in the economic standard of the working-class is likely to be of a permanent character. It is, however, important to remember that the advances made during the War have been greatest for the workers who received the lowest wages before the War, such as agricultural workers, dockers and other general labourers, and it is not likely that the wages of these workers will ever be forced back to their extremely low pre-War level.

3—ECONOMIC CONDITIONS

IN none of the countries under survey is the intimate relationship between the foreign trade of the country and the economic standard of the working-classes so evident as in the case of the United Kingdom, where the proportion of the working-classes engaged in, or dependent upon, export-industries is exceptionally large. For this reason industrial and financial fluctuations in the world-market react very largely upon British workmen, by causing either increased

* *Législation Ouvrière et Prévoyance Sociale en Suède*, p. 15.

ECONOMIC CONDITIONS IN GREAT BRITAIN

unemployment or variations in the rates of wages. In order to form an opinion as to the general conditions and prospects of the British working-classes it is therefore essential to consider the main lines of England's recent industrial and commercial development.

The extraordinary industrial power of England during the nineteenth century and her wide control of foreign markets were developed, as is well known, under a system of Free Trade which, on the one hand, kept down the cost of living and, on the other, caused a displacement in the productivity of the country at the expense of agriculture and in favour of industry. After the repeal of the Corn Laws agricultural production met with great difficulties in consequence of ever-increasing competition on the part of the large corn-producing countries, and agricultural wages in many districts were insufficient to maintain life. The result was that large numbers of workers transferred themselves to industry in order to benefit by the higher wages offered in the factories. The following figures give an idea of the relative development of agriculture and industry.

Since 1850 the rural population in the United Kingdom has been steadily decreasing. In 1851 there were altogether 3.35 million persons occupied in agriculture; in 1891 their number was reduced to 2.27 million; and in 1911 it was only 1.97 million. About 1870 there were in the United Kingdom more than 3½ million acres under wheat, but in 1901 only 1.7 million acres. The import of wheat increased from 2.4 million quarters in 1840 to 7.1 million in 1870 (home-produce 14 million), 16.3 million in 1901 (home-produce 6 million), 28.6 million in 1913, and 42.2 million in 1920 (home-produce 7 million).

On the other hand the declared value of British exports increased from £70,000,000 in 1830 to £244,000,000 in 1870, £525,000,000 in 1913 and £1,334,000,000 (on the basis of 1913 prices, £372,000,000) in 1920, the chief items being cotton piecegoods, woollens and worsteds, iron and steel manufactures, and coal. The export of cotton goods increased from 1,595 million yards in 1853 to 7,075 millions in 1913 and sank to 4,435 million yards in 1920. The export of iron and steel manufactures increased from 117,000 tons in 1830 to 3.8 million tons in 1880, and to 4.9 million in 1913; in 1920 it was only 3.25 million tons. The output of coal increased from 65 million tons in 1854 to 161 million in 1884, and 287 million in 1913; in 1920 it was 229 million. The number of persons engaged in the manufacture of iron and steel, in engineering, and in shipping increased from 500,000 in 1851 to 1 million in 1891 and 1.7 millions in 1911. The corresponding figures for the mining industry were 370,000, 725,000 and 1.2 million, and for the textile-industry 1.67 million, 1.39 million

LABOUR POLICY

and 1.43 million. The aggregate tonnage of all steamships owned by the United Kingdom amounted approximately in 1838 to 150,000 tons gross, 250,000 in 1853, 3.3 million in 1883, 8.4 million in 1903, 11.3 million in 1913, and 19.3 million in 1920.*

These figures show, on the one hand, the decrease in agricultural production, and, on the other, the simultaneous and gigantic development of industry and foreign trade. This transformation and development of the entire system of production is one of the strongest arguments in favour of Free Trade. It must, however, be remembered that although Free Trade supports the industrial position of a country that has complete control of her home-markets it may be dangerous to a country whose industry is exposed to keen competition from protectionist countries.

No protection of British industry in the form of tariffs was necessary or desirable so long as foreign industry did not threaten the English home-market. But this was exactly what did happen at the end of the last and the beginning of the present century. Gradually the propitious circumstances which had resulted in England's industrial supremacy over other countries began to disappear or to be exploited by these countries for their own profit. After the American Civil War and the Franco-German War the most dangerous of England's competitors enjoyed a period of prolonged peace under which they attained to an industrial development hardly inferior to the earlier industrial progress of the United Kingdom. German and American experts were sent over to England in order to study her industrial organizations and methods, and they used what they had learnt most ably for the benefit of their own industry. Industrial development in these countries proceeded further. In their turn they began to be the leading countries in respect of technical inventions, and their industrial progress was greatly promoted by the gradual perfecting of organization and by discoveries of large natural resources of coal, oil, and iron.

The relative decline in the industrial situation of the United Kingdom appears clearly by comparing the production of coal, iron, and steel in this country, in the United States and in Germany. In 1895 the United Kingdom produced 194 million tons of coal, the United States 178 million and Germany 104 million. England was then still the leading coal-producing country. By 1913, however, the situation had changed in spite of the considerable increase in British output. The United States were leading far in advance with 517 million tons, the United Kingdom came in as a weak

* *Whitaker's Almanack* 1922, pp. 116, 508, 511, 516, 517, 957; W. Page, *Commerce and Industry*, London 1919, Vol. II., p. 3; G. F. Steffen, *Ibid*, pp. 33, 40, 41, 395.

ECONOMIC CONDITIONS IN GREAT BRITAIN

second with 292 million and Germany as third with 279 million.*

The relative developments in the production of iron and steel within the three countries is, perhaps, still more striking. In 1871 Great Britain produced 16 million tons of iron-ore, or more than half of the world's total output; Germany produced 4.4 million tons; and the United States 3.4 million. In 1913 the figures were, the United States 63 million tons, Germany 34 million and Great Britain still 16 million. The relative output of pig-iron and steel shows a similar development; in 1870 Great Britain produced approximately half the world's total output of pig-iron as well as of steel. In 1913 she produced only 13.5 per cent. of the world's output of pig-iron, and 10 per cent. of the output of steel, while the United States produced 40 and 42 per cent., and Germany 25 and 25 per cent. respectively.†

Although the discovery of large resources of coal and iron was the principal reason for the more rapid development of mineral production in the United States and Germany than in Great Britain there is no doubt that the great efficiency of production in those countries contributed largely to this result.

The influence of foreign competition on British industry began as early as 1875-9 when a certain decrease in the export-trade of the country was noticeable. After a period of more normal production depression began again in 1884. This time public opinion began to suspect that there were some particular reasons for the depression, and in 1885 the Government, anxious to have the question investigated, appointed the Commission on Depression of Trade. One of the particular points which this Commission had to investigate was whether at that time there were any exceptional depression in the trade of the United Kingdom beyond that which experience had shown to be likely to recur periodically. In the event of confirmation of the fact that exceptional depression of trade had existed for a longer period than usual, the Commission was instructed to inquire further into the conditions in other countries of the industries which were especially depressed in England, and particularly into the conditions as to cost of production, State-control, and taxation under which they were carried on.‡

The Commission reported that the causes of the depression were to be found not only in over-production and the continuous fall of prices, but also in foreign competition, which was felt both in the

* Investigation by J. H. Ronaldson, published by the Imperial Institute in London 1920, quoted by G. F. Steffen, *Ibid*, p. 393.

† J. Macfarlane, in the review *Commercial America*, 1916, quoted by G. F. Steffen, *Ibid* pp. 43-44.

‡ *The Chancellor of the Exchequer's Memorandum for the Commission, Parliamentary accounts and Papers 1884-5*, vol. 71, no. 348, annex (a).

LABOUR POLICY

United Kingdom and in the neutral markets. Foreign tariffs and bounties, and the restrictive commercial policy of foreign countries, restricted the English markets. The cheaper rates of carriage enjoyed by foreign competitors, and the superior technical education of their workmen, contributed to bring about the state of things there prevalent. The increasing severity of foreign competition both within the United Kingdom and in her markets abroad was especially noticeable in the case of Germany. In the production of commodities the English had few advantages, if any, over the Germans who, assisted by a better knowledge of the markets of the world coupled with a desire to accommodate themselves to local tastes or idiosyncracies, by the determination to obtain a footing wherever they could and by the ability to maintain it, appeared to be gaining ground upon the English.*

No doubt the industrial supremacy in the world-market was gradually passing from Great Britain to Germany at the end of last century. A very interesting essay dealing with the question was published by E. E. Williams, under the title *Made in Germany*.† This book, dedicated to the manufacturers and merchants of the United Kingdom, was discussed much at the time and opened the eyes of many people to the precarious industrial situation of the country. In a chapter called "Why Germany beats us" Mr. Williams pointed out the following advantages which German industry enjoyed as compared with English: lower wages and longer hours of labour, less harmful strikes, cheaper railway rates due to State-control of the railways, a better-organized Consular Service, higher scientific education and industrial and commercial training, better adaptability and knowledge of languages, subsidies in industry and commerce, and protection of the home-market by tariffs. Mr. Williams advocated a system of Protection. "To the extent," he said, "to which a foreign country shuts out our goods from her markets, to that extent should we penalize her goods in our markets."‡

Germany and the United States of America gradually turned their protectionist system into a direct fighting weapon. This policy against British industry was carried out more especially by the great industrial combines—"Kartellen" in Germany, and trusts in America. These combines exercised complete control over their home-markets and gradually began to conquer the industry of the United Kingdom not only in neutral markets but also on her own soil.

* *Final Report of the Royal Commission appointed to inquire into the Depression of Trade and Industry*, pp. X, XX, P.A. and P. 1886, vol. 33, no. 4, 797.

† London, 1896.

‡ *Ibid.* p. 166.

ECONOMIC CONDITIONS IN GREAT BRITAIN

There can be no doubt that this competition was favoured by the protectionist systems of Germany and the United States of America and we see this most clearly by considering the "dumping" policy of Kartells and trusts. These combines are secured from foreign competition by tariffs. If, for instance, a Kartell controls the whole production of the country in a certain branch of industry it also controls the whole home-market, since there is no foreign competition. This means that it can raise prices in the country up to a point at which it will be more profitable for the home-consumer to buy foreign goods. Obviously, this point varies with the height of the tariff, and generally there is a wide margin within which the Kartell can control the prices of the market. This circumstance is made use of for competition abroad. It enables the Kartell to sell its products in the non-protected markets at cheaper prices, *mutatis mutandis*, than the unprotected industries, simply because it can sell its goods under their cost of production, as the loss by such underselling can be recovered by raising prices in the home-market. By this dumping policy, although from an economic point of view it was unsound, foreign competitors conquered British industry on its own soil. This activity in German and American enterprise continued up to the time when War broke out.

The only way in which the non-protected industry of the United Kingdom could guard itself against this severe foreign competition was by amalgamation, after the American fashion, into large capitalist trusts. Though this movement gradually grew up in England it never reached the same dimensions as in the tariff-protected United States of America. Moreover, this setting up of combines, which controlled the markets and decided their prices, was contrary to the spirit of the English people, more particularly of the working-classes, which (as we shall see later on), complained bitterly of this capitalist movement.*

There is one circumstance which has not yet been considered and which is of great importance in forming a judgment of the industrial situation in Great Britain; this is the tendency towards the deliberate restriction of output prevalent among the British workmen. This tendency has its origin primarily in the fear of unemployment, but so far from protecting the workers from this evil the *ca'canny* policy has actually exposed them to it by making industrial competition with other countries more difficult or even impossible. The *ca'canny* policy is directed against the introduction of

* It must be remembered, however, that certain British combines have been able, in spite of Free Trade, to dump their goods in foreign markets. For instance, a Scotch steel-combine in 1909 quoted considerably higher prices in the United Kingdom than in certain foreign markets. The heavy cost of transport in this case prevented re-importation.

LABOUR POLICY

new labour-saving machinery, and against every improvement in industrial methods and organization calculated to increase industrial efficiency—such as Scientific Management, bonus-systems of remuneration, and piece-work; moreover, it aims at encouraging general obstruction and at the slowing down of work. The wide prevalence of *ca'canny* ideas among the British workers was largely instrumental in bringing about the critical situation of the British industries before the War.

During the long period of progress in British industry the relations between Capital and Labour, between employers' unions and trade-unions, had been characterized by good understanding and mutual confidence. By their powerful organization the workers were able to obtain wages corresponding to the great development of industry and trade, and both masters and men were satisfied. But this state of affairs did not last. When the employers gradually lost their foreign market they were forced to reduce production. The result was unemployment and in many cases wage-reductions.* These circumstances created a new situation between the employers and their workmen; the latter became suspicious and importunate. Strikes, some of which were characterized by great violence, broke out and aggravated the unfavourable state to which British industry had been reduced by foreign competition. Most of the period which we shall examine in the following chapters is characterized by continuous retrogression in the industrial position of the United Kingdom. This circumstance must be borne in mind when considering British Labour policy, because it explains much of the class-feeling prevalent between employers and employees.

Not many months after the end of the War German competition began to be felt again; this time it was the result of the collapse of the exchanges, which enabled the Germans to sell goods at prices far below their cost of production in Great Britain. This traffic was stopped definitely by the Safeguarding of Industries Act† of August 19th 1921 which provided for the imposition (during a period of five years) of customs-duties on various specified articles, in order to protect the British key-industries and to prevent imported goods being sold at a price below the cost of production in Great Britain. Although this Act is intended as a temporary measure only, occasioned by the exceptional conditions after the War, it is of great importance because it constitutes a distinct step towards the tariff-protection of British industry and Labour.

It is too early yet to predict whether Protection will be desirable

* During the whole period 1900-1913 wages barely kept pace with the diminishing value of money. A. L. Bowley, *Ibid*, p. 26.

† 11 and 12 George V., ch. 47.

ECONOMIC CONDITIONS IN GREAT BRITAIN

or necessary for British industry in the future, for the present industrial depression and the chaotic state of international trade conceal the lines of future industrial development.

However, a retrospective glance at history gives some guidance as to the industrial prospects of Great Britain. It is a remarkable fact that in the case of this country industrial and economic development has always gone hand in hand with political power and influence. The leading political and mercantile powers of various epochs, Portugal, Spain, Holland, and France, have all been conquered by Great Britain, and after each victory her own economic power has increased in proportion to the decline of her enemy's. After the fall of Napoleon Great Britain was the leading political power and also by far the most important industrial nation in Europe up to the time when Germany began to dispute her supremacy. But Germany no longer plays the bold game and her spasmodic efforts to remedy her economic distress by deliberate destruction of her currency may be considered the death convulsion of German economic imperialism. Not only is Germany's financial position hopeless but she has no colonies and practically no merchant-fleet, and the whole spirit of the German nation has changed. The arrogant and passionate spirit of nationalism and imperialism which drove German production to the front before the War has, on the whole, yielded to a meeker spirit, and the order of the day is no longer "Deutschland über alles" but, more modestly, "Deutschland für die Deutschen."

No country in Europe to-day can in any way dispute the political and industrial supremacy of Great Britain, and her position in this respect is even stronger than it was at the beginning of the nineteenth century. The only nation which may cause some trouble to British industry is the United States of America, but there is no doubt that the British staple industries will be able to hold their own in the European markets as America is always handicapped by the heavy cost of transport. But a necessary condition for the retention of England's position and for the realization of her almost boundless possibilities in industrial development is the good-will of the British working-classes. When the workers once begin to realize that high efficiency in production and increased output are the only sure means by which a lasting improvement in their standard of living can be secured, then there will be no limit to the industrial development of Great Britain.

CHAPTER XII

SOCIALISM IN GREAT BRITAIN

I—INTRODUCTION

A HASTY glance at the political Labour movement in Great Britain is sufficient to show that there are striking differences between this movement and those which have been considered before. The features which distinguish most clearly the British movement from those of France and the Scandinavian countries are its straightforward and practical attitude, and, as a consequence, its greater independence of theories and ideas. The character of the British Labour movement in this respect is due undoubtedly to the practical turn of mind of the British workman who always attends first and foremost to measures and reforms of immediate and practical importance to himself. Nevertheless, during the present century Socialism has captured the notice of large portions of the British working-class. This is certainly not due to any natural inclination on the part of the British workers to Socialist ideas, as in the case of the Scandinavian workers; it is the result, first of all, of the unbearable conditions which have existed in the British Labour market for a long time past. Industrial depression, strikes, and unemployment, more than anything else, have prepared the way for Socialism and forced the British working-class into its arms. The Socialist influence upon the British Labour movement is largely of foreign origin, and Socialist ideas do not seem to have been ever really popular among the British working-classes. This explains why the Socialist organizations have never developed in Great Britain to anything like the same extent as on the Continent.

After the failure of the Chartist movement the British working-class hesitated long before re-embracing Socialist ideas. It was not until the influence of Liberalism (which had almost completely dominated political thought) began to decline, towards the end of last century, that Socialism again made its appearance, this time largely supported by Socialists of other nations. Liberal Trade Unionism, however, was deeply-rooted in the mind of the British working-classes, and it was only under the pressure of the industrial situation, and because of the economic as well as legal

SOCIALISM IN GREAT BRITAIN

reverses experienced by the trade-unions, that the Socialist movement gained ground. But Marxian Socialism, transplanted from Germany, suited the British workman no better than it fitted the French proletariat. Like the French workers, the British could not persuade themselves to accept the iron discipline and the lack of freedom characteristic of the Marxian principles ; but, whereas the French workmen abandoned themselves to Syndicalism, Socialism gained a footing in Great Britain. However, it was modified by the influence of Liberal Trade Unionism and adapted to the mind of the British working-classes. Thus political thought among the French working-classes and that among the British working-classes were based originally upon entirely different theories. It is interesting, however, to note that the French Syndicalist ideas and the principles of British Socialism have been brought closer together by their mutual influence ; modern French Syndicalism accepts the idea of the State supervision of the Syndicates in the interest of the consumers, and the most modern feature of British Socialist thought, namely, Guild Socialism, favours the principle of self-government in industry, under State-control.

There are a great many Socialist parties in existence in Great Britain ; each represents its own theory and ideas which are distinguished more or less sharply from those of the other organisations. For this reason there is no platform common to the whole Socialist movement ; and the Labour Party, which for the first time in 1918 adopted a Socialist programme, has not pledged itself to any definite Socialist theory but pursues an opportunist policy with regard to Socialist reforms.*

The Socialist organizations in the United Kingdom can be divided into two main groups (I) Those which consider that the Socialist order can be established by parliamentary action. (II) Those which believe that the real struggle for the new Socialist order must be fought mainly on the economic side. Most of them consider parliamentary action useful as a means of defence and as propaganda.

To the first group belong (1) the Social Democratic Federation ; (2) the Independent Labour Party ; (3) the Fabian Society. To the second group belong (1) the Communist Party of Great Britain ; (2) the Socialist Labour Party of Great Britain ; (3) the National Guilds' League. In this connection we shall examine all the above-enumerated organizations, except the National Guilds' League and the Socialist Labour Party, which will be dealt with in connection with the Syndicalist movement.

* However, its affiliation to the Second International indicates the general views of the Party with regard to socialist principles.

LABOUR POLICY

2—THE SOCIAL DEMOCRATIC FEDERATION

The Social Democratic Federation was founded by some Radical clubs in London in 1881, under the name of the Democratic Federation. It was reorganized three years later when it received its present title. The real leader of the Federation was Henry Hyndman, who at the time did not seem to have any settled Socialist principles, but advocated a revival of the Chartist movement. Similarly, the other founders do not appear to have had any clear idea of the aims and methods of their Federation, some of them being Socialists while others were Radicals. Among the first members of the Federation were Miss Eleanor Marx (the daughter of Karl Marx), William Morris, James MacDonald, and Harry Quelch. Marx himself was living in England at the time when the Federation was created, but his Socialist ideas were at this time almost unknown to the British public.*

The programme of the Federation, which was originally drawn up by Hyndman, contained in 1884 the following points :† (1) Adult suffrage. (2) Annual Parliaments. (3) Proportional Representation. (4) Payment of members and of official election-expenses. (5) Bribery, "treating," and corrupt practices at elections to be made acts of felony. (6) Abolition of the House of Lords and of all hereditary authorities. (7) Legislative independence for Ireland. (8) National and Federal Parliaments, including representation of the Colonies and Dependencies. (9) Nationalization of land. (10) Free justice. (11) Disestablishment and disendowment of all State Churches. (12) The power of declaring war, making peace, or ratifying treaties to be vested in the direct representatives of the people.

The object of the Federation was to unite the various associations of democrats and workers throughout Great Britain and Ireland, with the object of securing equal rights for all, and forming a permanent centre of organization ; further, to agitate for the ultimate adoption of its programme, and to aid all social and political movements in the direction of these reforms.

The above-mentioned aims were to be carried out by means of public meetings, lectures, the publication and circulation of literature, the formation of branches, and such other measures as the executive of the Federation might consider advisable.

* Until Hyndman published *England for All* in 1881 there was no comprehensive work in English on the doctrines of Marx. Cp. M. Beer, *History of British Socialism*, London 1920, pp. 227 seq.

† *Justice*, 1884. No. 1.

SOCIALISM IN GREAT BRITAIN

The membership of the Federation was open to all who approved of its objects. The leadership of the Federation was placed in the hands of an Executive of fifteen members who were elected at the Annual Conference ; five formed a quorum. Fifteen country members were, also, to be elected members of the Executive, with the right to attend and vote when in London. The officials of the Executive were to be elected from their own members.

An Annual Conference (consisting of delegates from branches and affiliated bodies) was to be held in order to examine the report from the Executive, to elect new members to the Executive, to consider the best methods for furthering the objects of the Federation, and to transact such business as it might consider desirable. Delegates could not be sent from bodies which had not been affiliated for more than three months. All branches, not thus excluded, had the right to send delegates in proportion to their numbers ; if they consisted of 25 to 200 members, they could send one delegate ; if of over 200 but less than 500 members, two delegates ; and if of over 500, three delegates. Individual members were entitled to attend the Conference, but not to vote. The Executive was competent to summon as many temporary conferences in the course of a year as they deemed advisable.

The programme and constitution of the Federation could be altered or amended only at the Annual Conference. Notices of amendments to the programme of the constitution must be sent to the Executive at least one month before the date of the Annual Conference, and printed on the agenda.

Judging from the programme, constitution, and avowed aims of the Social Democratic Federation, as here described, it is obvious that it cannot be called a Socialist body in the modern sense. Only with regard to the ninth point on its programme, the nationalization of land, can we accept it as a modified Socialist organization. Sometimes, however, the programme and official methods of an organization do not keep pace with its real spirit, or they reflect it but faintly. This was the case with the Democratic Federation. In reality it already, before its name was changed to Social Democratic Federation, had much more advanced socialistic tendencies than its programme seemed to indicate.

For instance, a resolution was passed at a general meeting of the Federation held in January 1884 which demanded not only universal suffrage but also the socialization of the means of production ; and the chairman, Mr. Hyndman, concluded the meeting by observing amongst other things that, whether Parliament existed or not, revolutionary propaganda-work especially in the poorest parts of all industrial cities, was absolutely necessary, and would in

LABOUR POLICY

any case be carried on by the Democratic Federation and its branches. Obviously this was a long way in advance of the official programme of the Federation.

The old programme, however, was gradually amended to meet more advanced views. The new programme demanded free and compulsory education for everybody, higher as well as elementary, and at least one wholesome meal a day to be provided in the schools. Further, the Federation demanded legislation by the people in such a way that no law could become legally binding until accepted by referendum. Also, the people were to decide on peace or war.

One of the points in the new programme, which to present-day Socialists may seem rather peculiar, was the demand for the abolition of the standing-army and for the establishment in its place of a national citizen-force. This idea seems to have been borrowed from the German Militarist Socialists; needless to say it did not meet with approbation among the British workers.

The most important points in the new programme were those of a purely socialist character dealing with the question of nationalization. The land, it said, with all the mines, railways, and other means of transit should be declared, and treated as, collective or common property. The Federation seems not to have decided whether this appropriation should take place with or without compensation. The production of wealth was to be regulated by society in the common interest of all its members. The means of production, distribution, and exchange were to be declared, and treated as, collective property. The final demand was for the establishment of National Banks which should absorb all private institutions that derived a profit from transactions in money or credit.

The Federation disseminated its views by the weekly organ *Justice*, by publishing and circulating pamphlets all over the world, and by demonstrations and open-air meetings. Several of the more prominent members of the Federation have met the representatives of other political parties in public discussion, and they themselves have delivered lectures in Oxford and Cambridge; and Mr. Hyndman has even debated the question of Socialism in the Cambridge Union Society.

The work of the Federation was facilitated greatly by the firm control which it exercised over its members. Thus the Executive had the right to expel a member of the Federation, or to dissolve an affiliated branch, for any action deemed to be opposed to the objects and principles, or to the general well-being, of the Federation. In such case the member or branch concerned had the right to appeal to the Conference, which could revoke the resolution of the Executive. Further, a member of the Federation could not become a

SOCIALISM IN GREAT BRITAIN

candidate for Parliament without the consent of the Executive. His programme and election-address had to be submitted for approval both to the local branch to which he belonged and to the Executive ; the former authority had the right to exercise a general control over his local actions, while the latter had the same right in respect of his parliamentary policy.

The influence of the Social Democratic Federation on politics seems not to have been very great. During the general election of 1885 it co-operated with the Conservative Party and received financial support from the Party funds. At the Conference of 1899 the Federation decided upon a similar policy, but this decision was reversed the following year in consequence of the collapse of the Liberal Party. At the election of 1900 the Federation evinced a distinctly favourable attitude towards the Liberals, supporting, where Socialist candidates were not put forward, those candidates who opposed the "capitalist imperial policy" in South Africa, or those who accepted certain socialist measures.

From the Social Democratic Federation*, which was dissolved in 1911, sprang the British Socialist Party ; and during the War the National Socialist Party was formed by the union of those members who believed firmly in the prime importance of a victory for the Allies, with a few members of the Independent Labour Party who held similar views. H. M. Hyndman, the founder of the Social Democratic Federation, was also one of the founders of the National Socialist Party which in August 1920 took the name of his old organization. The new Social Democratic Federation is represented at present in Parliament by three members.† who were elected under the auspices of the Labour Party to which the Federation is affiliated. The weekly organ of the Federation bears the same name as that of the old Federation, *i.e.* *Justice*.

The new Social Democratic Federation is, as yet, quite a small organization, but in consequence of its political programme it is one of the most remarkable of the British Socialist organizations. There are many points in its programme which prove that the principle of class-warfare is regarded as less important than that of the good of the community as a whole. In fact the policy of the Social Democratic Federation seems to be more reasonable than that of most other British Socialist bodies.

The Federation demands the establishment of a "Socialist State, founded on the principle of democracy in politics and co-operation in economics."‡ By a democratic Parliament the Federation

* From 1908-1911 called the Social Democratic Party.

† Colonel W. Thorne, Mr. D. Irving, and Mr. J. Jones.

‡ *Cp., Programme of the Social Democratic Federation, 1920.*

LABOUR POLICY

means a Parliament elected by universal suffrage and proportional representation. Such a Parliament must be the supreme authority of the Socialist State. The introduction of Triennial Parliaments and of the Referendum on all vital public questions are also considered necessary democratic reforms. No mixture of political and industrial organizations similar to that suggested by other Socialist bodies appears in the scheme of the Federation.

According to this scheme the natural resources of the country, which are indispensable to national existence—such as land, mines, and quarries, oil-fields, forests, water-power and air-power—as well as the main industries and the means of transport, should be owned by the community and administered by the State. The management of the means of communication and transport should also be placed in the hands of national, municipal, or co-operative institutions, according as may be most convenient with regard to the special industries or services of the nation. This opportunist attitude naturally absolves the Federation from the usual charges urged against Socialist bureaucracy and Syndicalist decentralization.

The Conference of the Federation held in August 1920 passed the following resolution against the Bolshevik system of government. "Recognizing that the application of Socialist principles to the organization of industry presupposes a stage in the development of capitalist society where . . . the wage-earning class constitutes the majority of the people, the Social Democratic Federation expresses the conviction that all attempts by a minority to establish a Socialist dictatorship and despotism can only aid reaction, and declares that complete political, social and industrial democracy is the only safe and permanent foundation for the coming Co-operative Commonwealth.*" The Federation is therefore in strong opposition to the so-called "dictatorship of the proletariat" and has started extensive anti-Bolshevist propaganda.†

The attitude of the Social Democratic Federation with regard to direct action is characteristic of its spirit. It not only rejects direct action for political purposes, but also objects to the principle of using strikes for economic purposes. It, therefore, will restrict the use of strikes so far as possible. The strike, it says, is an important and powerful weapon, but it is often used in such a manner that it is likely to act in the same way as a boomerang. The Federation has noticed such instances in several industries, since the War. Men who had joined a trade-union only recently have suddenly found themselves in possession of a powerful weapon and have been anxious

* *Report of the Conference.*

† *Cp., H. W. Lee, "The Dictatorship of the Proletariat" or Democracy. Party Leaflet, No. 12.*

SOCIALISM IN GREAT BRITAIN

to experiment with it. These men have often plunged bodies of workpeople into sudden strikes, with results frequently disastrous to themselves. The following declaration shows clearly the opinion of the Federation with regard to Parliamentary and direct action : " Having secured the opportunities of a fuller life and higher form of education, the ballot-box can be made the medium by which Democracy can come into its own, and the word ' strike ' will serve only to remind us of a hideous nightmare of the past."*

The great strength of the Social Democratic Federation is that it is no class-party. Its ideal is the welfare of the community based on political and industrial democracy.

3—THE INDEPENDENT LABOUR PARTY

IN 1890 some local Socialist organizations had been created with the object of uniting the forces of Socialism and Labour for joint parliamentary action. They adopted the name of the Independent Labour Party. At the general election of 1892 they ran quite a number of Independent Labour candidates, though without much success at the polls. Centralization of the scattered local Labour parties was indispensable to efficiency, and in January 1893 the Independent Labour Party for the whole kingdom was formed at a Conference held at Bradford. Delegates not only from the local Labour parties but also from the Social Democratic Federation and the Fabian Society attended the meeting.

The object of the Independent Labour Party was the foundation of an industrial commonwealth based upon the socialization of land and capital.† This object was to be carried out by educating the community in the principles of Socialism, by organizing the workers industrially and politically, and by securing an independent Socialist representation on all elective bodies. In short, the Independent Labour Party aimed at uniting the workers under the banner of Socialism for joint parliamentary action.

The membership of the Independent Labour Party was open to all adults who signed the following declaration : " I hereby declare myself a Socialist, and pledge myself to sever all connection with any other political party, and to vote in the case of local elections as my branch of the Independent Labour Party may determine, and in the case of general parliamentary elections as the Conference specially convened for that purpose may decide."

* Cp. A. Whiting, *The Use and Abuse of the Strike*, Party Leaflet, No. 13.

† Tom Mann, *What the I.L.P. is Driving at*. Labour Press Society Ltd., Manchester 1895.

LABOUR POLICY

The executive of the Independent Labour Party which has the name of National Administrative Council (N.A.C.), has to receive, and render an account of donations or subscriptions to the funds of the Party, but is expressly debarred from receiving money contributed upon terms which interfere in any way with the Council's freedom of action as to its disbursement. The Council has no political initiative, but has only to carry out the decisions of the Party Conference.

The Independent Labour Party decided to give no financial assistance to any parliamentary candidate unless he bound himself in writing to advocate the programme of the Party and to act with its majority in the House of Commons.

The Independent Labour Party declared itself in favour of every extension of electoral rights to both men and women, and of all other reforms which tended to make the system of government more democratic.

It advocated the socialization of industry because the object of industry was the production of the necessities of life. The responsibility for this production should rest with the community collectively. Wealth was the result of labour and should be distributed equitably over the whole population. For this purpose the Independent Labour Party recommended the following immediate reforms :

1. A maximum eight-hours' working-day, with the retention of all existing holidays ; Labour Day, May 1st, to be made a holiday by law.

2. No child under fifteen years of age to begin wage-work.

3. A State-pension for every person of fifty years of age, and adequate provision for all widows and orphans, and for sick and disabled workers.

4. The provision of wage-work for the unemployed.

5. The nationalization of railways and waterways ; and, the equalization of railway rates.

It was said, also, that all land ought to be declared public property and treated as such, and cultivated so as to provide the food of the people. The Party recommended, as steps to this end, the establishment of a State Land Department of Agriculture, free agricultural education, and the investment of certain municipalities with powers to acquire compulsorily and cultivate, or let, land. In cases where it was necessary to acquire land by purchase, such purchase should take the form of terminal annuities.

With regard to taxation the Independent Labour Party recommended the abolition of all indirect taxes, the introduction of a

SOCIALISM IN GREAT BRITAIN

direct and progressive tax on all revenue above £300 a year, and the taxation to extinction of all unearned incomes.

In conformity with the Social Democratic Federation the Independent Labour Party demanded free primary, secondary, and university education; the free maintenance of school children; municipalization and popular control of the liquor-trade; and, finally, the substitution of arbitration for war, and consequently the disarmament of all nations.

The Independent Labour Party recognized fully that a policy of compromise was necessary in order to create an alliance between Socialists and Trade Unionists. The old and tried policy of the Trade Unionists, of aiming only at such reforms as could be carried out in the immediate future, and the Socialist ideal of the total reorganization of society, had to be adapted to each other. The ultimate end laid down by the Party programme, therefore, had to coincide with that of the Socialists, and the reforms which were to be demanded immediately had to be of such a nature that the practical Trade Unionist members would be convinced of the possibility of realizing them. When we consider the immediate reforms demanded by the Independent Labour Party, it is clear that most of them aimed at social reform rather than at out-and-out Socialism. The nationalization of railways and waterways could just as well have been a point in a Radical programme. The same can be said about the reforms demanded as to child-labour, pensions, unemployment, taxation, and education. The nationalization of land was the one really Socialist reform advocated by the Party, but this reform was not considered one of the immediate measures.

Discussing the policy of the Independent Labour Party Mr. Keir Hardie said: "The end is not to be reached at one bound. The walls of the industrial system, with its great wealth and resources, will not fall at the blast of any trumpet. The reconstruction of society on a socialist basis must proceed by the same methods of evolution which have called the existing order into being."*

All attempts of the Independent Labour Party to unite with the Social Democratic Federation fell through, chiefly on account of the adverse attitude of the latter body. The Federation considered itself as the only Socialist organization, and would never recognize the need for any Independent Labour Party.

The parliamentary general election of July 1895, occasioned by the defeat of the Liberal Party, caused the Independent Labour Party to summon a special Conference to decide what should be its policy in the constituencies where no Socialist candidate could be

* *The Independent Labour Party, All About It*, published by the party-press 1909, p. 10.

LABOUR POLICY

run. The Conference resolved that the members of the Party should abstain entirely from voting for either Liberals or Conservatives. The election was a complete failure for the Independent Labour Party. None of its twenty-eight candidates, including its president, Keir Hardie, was returned. The Party secretary, however, was not dissatisfied with the result. "Although not one member of the Party was returned to Parliament," he said, "to have run twenty-eight candidates, to have secured an average of 1,583 votes and a total of 44,321, for a first trial, was, without a doubt, an achievement of much hopefulness."*

In 1899 the Trade Union Congress resolved to invite Socialist and Co-operative organizations to a Conference, which should discuss the ways and means best calculated to increase the number of Labour representatives in Parliament. The Independent Labour Party accepted this invitation, which was entirely in accord with its own policy. At the general election of 1900 the Independent Labour Party won its first real success by securing the return of its president, Mr. Keir Hardie, under the auspices of the Labour Representation Committee.† Unlike the members of the Social Democratic Federation, the members of the I.L.P. have never opposed Trade Unionism. When the Federation, in 1901, withdrew from the Labour Representation Committee because its Socialist resolution was not carried, the I.L.P., although a pronouncedly Socialist body, still remained affiliated to the Committee. It was never of the opinion that the trade-unions should be forced to declare themselves in favour of Socialism, and it even opposed the resolution proposed by the Federation. Its attitude in this respect was naturally strongly disliked by the Federation, and gave rise to serious dissensions between the two chief Socialist organizations. That this weakened the position of the Socialist movement, both inside and outside Parliament, is clear.

The two places in the Labour Representation Committee, which had become vacant when the Social Democratic Federation withdrew, were given to Liberal Trade Unionists, and the influence of the Socialist element in the Committee was thus weakened.

As a consequence of the heavy blows dealt at the Labour movement, and at the trade-unions in particular, during the early years of the present century, the attitude of the I.L.P. became gradually more aggressive, and an extremist Left Wing of the Party was developed which claimed complete independence in the policy of the Labour Party on socialist lines. The opposition of this wing to the more moderate sections of the I.L.P. grew particularly strong during

* *The Labour Annual*, 1896, p. 40.

† *Op.* p. 205.

SOCIALISM IN GREAT BRITAIN

the period of feeble Labour policy which followed the coming into power of the Liberal Government in 1906 ; the result was that many extremist members left the I.L.P. and joined the Social Democratic Federation, and ultimately the British Socialist Party. The membership of the I.L.P. was reduced still further during the period of industrial unrest, 1910-12 ; but in the following year the Party began to recover from the crisis through which it had gone. Its membership was raised to 60,000 in 1915, but since that date it has been reduced, evidently as a consequence of its attitude with regard to the War.*

Throughout the War the policy of the I.L.P. was in conflict with that of the Labour Party. It refused to join in the recruiting campaign, which was condemned at the Annual Conference of 1915. The offices of the Party were raided by the police later on in the same year, and large quantities of propagandist literature were confiscated. The Party was opposed strongly to the continuance of the War, and worked for the establishment of peace by negotiation. At a Conference held in April 1917 a resolution was passed which urged the Socialist parties of all countries to refuse support to any future War entered into by their respective Governments whatever the ostensible objects of the War.† This attitude of the Party naturally made it unpopular during the War, and was the direct cause of a large decrease in its membership. Soon after the cessation of hostilities the membership, however, began to increase, and in 1919 it numbered about 45,000.‡ The National Labour Press in London and Manchester is controlled by the I.L.P., and the weekly newspaper, the *Labour Leader*, and the quarterly *Socialist Review*, both published by this press, are the official organs of the Party. It has been estimated that during the War the National Labour Press issued more than 33,000 books, and 300,000 pamphlets, and nearly four million leaflets.§

The I.L.P. is represented in the present House of Commons by five members,|| all of whom were elected under the auspices of the Labour Party. The I.L.P. members have to work in agreement with the Labour Party, and to abide by its decisions in matters of policy, in order that in the House of Commons they may present a united front to the present overwhelming power of the Coalition.¶ The members of the I.L.P., however, form a distinct group whose function it is to consider Bills, and political questions in general, from the I.L.P.

* *Labour Year Book*, 1916, p. 346.

† *Labour Year Book*, 1919, p. 318.

‡ *Report of the Conference of the I.L.P.*, 1920, p. 18.

§ *Labour Year Book*, 1919, p. 318.

|| Messrs. Ben Spoor, Neil Maclean, William Graham, Tom Myers, and Josiah Wedgwood.

¶ *Report of the I.L.P.*, 1920, p. 91.

LABOUR POLICY

standpoint. They represent the Left Wing of the Labour Party, and they are often chosen by the Parliamentary Party as its spokesmen on important matters.

The general principles of the I.L.P. were laid down most clearly in its memorandum to the International Socialist Congress held at Geneva in 1920. The attitude which the Party adopted with regard to Bolshevism calls for particular consideration. The two following questions were brought forward : (1) Is a revolutionary dictatorship of the proletariat necessary as a transition from Capitalism to Socialism ? (2) Is the Soviet form of government the only form which will enable the proletariat to exercise political power ?

With regard to the first question the Party has come to the conclusion that there is no reason whatever for departing from its old position that, until Socialist propaganda influences public opinion, and until Socialists are chosen as representatives on public bodies, no secure foundation for the Socialist State can be laid. The election of Socialists to Parliament remains the best guarantee to the working-classes that Parliament will be influenced by their views. The weakness of the Socialist movement cannot be overcome by revolution ; this, with a dictatorship, may succeed for a time, but in the end must rely for continued support on public acceptance. Therefore the revealed weakness of democracy can be overcome only by persistent education and propaganda, and by the strenuous activities of the Socialist and Labour Groups in the various Parliaments. A revolutionary dictatorship need not be necessary for the transition from Capitalism to Socialism, but whether it has to be resorted to or not depends solely upon the policy of the capitalists themselves and not upon the political necessities of Socialism.

With regard to the second question, the Party considers the parliamentary system to be a far better instrument of democracy than the Soviet system. But Parliament will have to be reformed in accordance with the needs of democracy. For this purpose it must be combined in some way with the industrial organization of the country in order that it may be brought into vital touch with proletarian life.

The remarks of the Party with regard to the present parliamentary system in the United Kingdom are worth some consideration. The Party thinks that the House of Commons responds too slowly to the real needs and wishes of the nation. This is the reason why the more ardent spirits of the working-class are disposed favourably towards direct action and other forms of extra-parliamentary pressure. The predominance of the Executive, particularly since the War, is also regarded as a serious violation of democratic principles. The Party also objects to the manipulation of the capitalist press before and

SOCIALISM IN GREAT BRITAIN

during elections. By means of the press majorities are too easily made by the minorities which possess capital. Moreover, at elections the capitalist politicians raise false and senseless issues in order to influence the public mind in favour of the capitalist class.

The reforms with regard to the machinery of government which the I.L.P. advocates are interesting. They aim at substituting a Committee-system for the present Cabinet-system, in order that the machinery of government may be placed on a more democratic basis. Thus the Party wishes to abolish the Cabinet, and to replace each Government Department or group of Departments by a Standing Committee with the power to summon departmental witnesses (including the Minister in charge of the Department), to call for Government papers, to examine departmental estimates before final decisions are taken, and to consider departmental Bills. The said Committees should be elected by the various groups in Parliament, the representation being in proportion to the numerical strength of the Parties in the House of Commons.

It may be noticed that this system is very much the same as the unfortunate Committee-system of the Swedish Government during the "Period of Liberty" in the eighteenth century. The present advocates of the democratization of the Swedish Government, where the standing Committee still plays a more considerable rôle than in most other countries, occupy the opposite position to that of the I.L.P., and work for a stronger concentration of power in the Cabinet.

The I.L.P. is of opinion that direct action for industrial purposes is justified fully by experience, but that for political purposes the risk of failure is so great, and the hope of success so slight, that it should be regarded as an emergency-measure only. Nevertheless the threat of direct action of this kind has proved to be an effective means of bringing pressure to bear upon reactionary Governments. The Party "rejects 'direct action' as a substitute for 'parliamentary action,' but regards it as one of the several weapons which reaction may compel the working-classes to employ; thus used it may be considered as a means of restoring representative government and not of destroying it.*"

The Conference of the I.L.P. in April 1920 examined the question of affiliation to the Third International of Moscow. A motion that the Party should either affiliate immediately to the Third International, or consider the matter in detail and afterwards convene a special Conference to decide the question, was moved. The second course was adopted by 472 votes to 206.† In May 1920 the National

* *Report of the I.L.P., 1920, p. 32.*

† *Report of the Conference, p. 86.*

LABOUR POLICY

Administrative Council of the I.L.P. made inquiries of the Executive Committee of the Communist International as to the Soviet-system, and the basis of the Third International. The Executive of the Moscow International answered by a detailed memorandum,* which is of great interest as an example of Bolshevik psychology. The I.L.P. summarized its views of this memorandum by enumerating the points to which it objected: (1) The "dictatorship" of one section of the International Socialist movement over the rest, or the refusal of that section to associate with other national Socialist Parties except on terms imposed by itself. (2) The insistence by one section that its policy and methods should be adopted in all countries. (3) The deliberate provocation of civil war (the disarming of the middle-classes and the arming of the proletariat) in order to bring about the overthrow of capitalism. (4) A minority imposing its will upon an apathetic or helpless majority by what is called the "Dictatorship of the Communist Party." (5) The suppression of minorities (other than the one in power). (6) The destruction of parliamentary institutions, and the forcible imposition by a minority of new forms of government and administration. (7) The adoption of methods of sabotage and of disingenuous methods of propaganda inside existing Socialist, political, Labour, and industrial organizations. (8) The frequent denunciation and misrepresentation of Socialists who differ from the Communist view of Socialist fellowship.† These are the main reasons why the I.L.P. considered it wise to dissociate itself from the Bolshevik movement in Russia, and the Party undoubtedly constitutes a protection against the spread of Bolshevik ideas among the working-classes in the United Kingdom.

The I.L.P. however, takes a very firm attitude with regard to nationalization. It advocates and works for the gradual extension of the principle of common ownership. The Party differentiates clearly between what it calls the "capitalist collectivism" which is implied in the nationalization of essential services, controlled by a bureaucratic government, and "nationalization in the spirit of the Party," by which is meant control in the interests of the whole community. Such control is to be exercised by representatives of the community, on the one hand, and by representatives of the workers in particular industries, on the other. The Party condemns all attempts to bring about any *rapprochement* between Labour and Capital, or any method of compromise aiming at more amicable

* *The I.L.P. and the Third International*, London, 1920, pp. 13-64.

† *Ibid*, p. 6. The German Socialists were charged with assassinating Karl Liebknecht and Rosa Luxemburg, and it was also insinuated that Mr. Arthur Henderson would do the same in a similar situation.

SOCIALISM IN GREAT BRITAIN

relations between these opposing forces. The only satisfactory solution is the complete abolition of the capitalist system and its substitution by the Socialist order.* The influence of Syndicalist thought and Guild Socialism upon the ideas of the I.L.P. is unmistakable.

4—THE FABIAN SOCIETY.

THE Fabian Society is in many respects the most remarkable of the Socialist organisations in Great Britain. It was founded in 1883 with the object of reconstructing Society "in accordance with the highest moral possibilities"† a somewhat high-flown motto for an organization which aspired to intellectual repute. But after the first burst of enthusiasm the Fabian Society began to realize its own limitations (a necessary condition for further progress), and drew up a carefully prepared programme, based not merely upon political feelings but upon scientific investigations. The name of this Society was chosen in order to indicate its intention of following the tactics of the Roman warrior Fabius Maximus Cunctator who, when fighting Hannibal, drew near to his objective slowly, wearying his enemy and avoiding open battle. Among the members and ex-members of the Fabian Society may be mentioned Bernard Shaw, Sidney and Beatrice Webb, Graham Wallas, H. G. Wells, Sir Leo Chiozza Money,‡ Annie Besant, Ramsay Macdonald, Tom Mann, E. R. Pease, Philip Snowden, and the three Guild Socialists, S. G. Hobson, G. R. S. Taylor, and G. D. H. Cole.

Thus the Fabian Society has reckoned among its members a considerable number of intellectual men and women; accordingly the Fabians have come to be regarded by the other Socialist organizations as authorities on theoretic Socialism. Many of the popular misapprehensions and fallacies which have appeared in the pamphlets and journals of different Socialist organizations, especially those in connection with economic questions, have been refuted by the Fabians.

This is not the place to enter into a more detailed examination of the Fabian theory of Socialism, but only to trace the main lines of the programme and methods of the Fabian Society; it is one of the smallest but, from a theoretical point of view, the most interesting of the British Socialist organizations.

We get a good idea of the programme and methods of the Fabian Society from the Report on Fabian Policy made to the International

* *Report of the I.L.P.*, 1920, p. 61.

† The Fabian Society, *Fabian Tracts*, No. 41, p. 3.

‡ Now a member of the I.L.P.

LABOUR POLICY

Socialist Workers and Trade-Union Congress held in London in 1896.*

The Fabian Society there declares its object to be to persuade the English people to make their political constitution thoroughly democratic, and to socialise their industries so that the people are not dependent for their livelihood on private capitalism. The Fabians do not look forward to a sensational and historical crisis by which all socialistic ideas will be carried out simultaneously. The Fabians accept the conditions imposed on society by human nature, and by the natural character and political circumstances of the English people. Its attitude is, therefore, perfectly constitutional, and its methods are those customary to and in accord with British political life. It may be noticed that the attitude of the Society in this respect had changed not a little since 1884, when it expressly declared in its Manifesto that it would rather face a civil war than another century of suffering for the working-class such as the present one had been. In the Report of 1896, on the other hand, it sympathized with the ordinary citizen's desire for gradual, peaceful changes, as against revolution and conflict with the army and the police.

It is of interest to notice the meaning the Fabians attach to the expression "democracy." They energetically repudiate any conception of democracy as a system by which the technical work of government administration, and the appointment of public officials, shall be carried on by referendum or by some other form of direct popular decision. Such arrangements may be practical in a village community, but not in industrial civilizations. By "democracy" the Fabians mean the form of government under which the control of administration is exercised by freely-elected representatives of the people.

The Fabian Socialists judge the English constitution in accordance with these principles. If the House of Commons were freed from the veto of the House of Lords, and thrown open to candidates from all classes of society by an effective system of payment of members and a more rational method of election, the Fabians would consider the British parliamentary system a first-class practical instrument of democratic government.

What the Fabians mean by "rational method of election" is explained in the Workers Political Programme, 1890,† where they advocate an electoral system with a second ballot, after the French type. For instance, they consider it unfair that in a constituency of 2,000 a Tory minority can return a candidate if the moderate

* *Fabian Tracts*, No. 70.

† *Fabian Tracts*, No. 11.

SOCIALISM IN GREAT BRITAIN

Liberals and the Radicals split their votes, the one polling 500 the other 700 votes for their respective candidates. In this case the Fabians would have a second ballot where the united vote of the Liberals and Radicals should be given to whichever candidate (amongst the two parties) had received the highest number of votes at the first ballot. This is, in the opinion of the Fabians, the only truly democratic method of voting.

The Fabians are State-Socialists and, as already mentioned, do not reject the parliamentary system. They find that the British Parliament has all the qualifications necessary for carrying through the social reforms they advocate, and that universal suffrage would enable the workers to take and keep the political power of the country.

The Fabians have never pretended to represent the working-classes in England, only to represent their interests. Many of the Fabians belong to the middle-class and can therefore watch the class-struggle from an independent point of view. They co-operate with purely working-class organizations and speak at their meetings, not in order to persuade people to become Fabians and to join the Fabian Society, but to inculcate socialist ideas and to induce their hearers to become members of the particular body which has organized the meeting. Their first aim is to forward not the interest of their own society but that of the working-class. This broad-minded and tolerant attitude is diametrically opposed to the early attitude and activity of the Social Democratic Federation, which was, according to Bernard Shaw, "a society for enlisting the whole proletariat of the country in its own ranks, and itself socializing the national industry. The Federation persistently claims to be the only genuine representative of working-class interests in England. It counts no man a Socialist until he has joined it and supports no candidate who is not a member"* To adopt this attitude certainly in some respects strengthens a Party; but the question is whether in the long run such a Party promotes the interests of the labourers so well as a tolerant organization, like the Fabian Society, which does not consider itself too good to work together with and support other organizations with the same purpose. It is a connecting link between the extreme Socialists and the Liberal trade-unions.

The Fabians have also taken a middle course between collectivism and individualism on theoretical questions. Thus they do not suggest "that the State should monopolize industry as against private enterprise or individual initiative further than may be necessary to make the livelihood of the people and their access

* *Fabian Tracts*, No. 41, p. 21.

LABOUR POLICY

to the sources of production completely independent of both. The freedom of individuals to test the social value of new inventions, to initiate improved methods of production, to anticipate and lead public enterprise in catering for new social wants, to practise all arts, crafts, and professions independently: in short, to complete the social organization by adding the resources of private activity and judgment to those of public routine, is, subject to the above conditions, as highly valued by the Fabian Society as freedom of speech, freedom of the press, or any other article in the charter of popular liberties."* Further, the Fabians utterly condemn all attempts to realize the ideas of Utopian Socialism by founding Communist Societies. They realize that an industrial system with equal wages, equal hours of labour, equal official status and equal authority for everyone, is not only unpractical, but incompatible with the principle which is fundamental in modern Socialism that every individual should subordinate his own interest to that of the community. The wage-system is necessary in order to adjust the balance between income, on the one hand, and ability and diligence, on the two other. It is essential for social and economic progress that these qualities should be rewarded by a surplus-income, called by the Fabians "rent of ability."

There is another very important point on which the Fabians disagree with the Marxian and many other types of Socialism. They resolutely deny the possibility of establishing an industrial system which secures to any person, or group of persons, "the entire product of their labour." Since the evolution of industry has made it impossible to distinguish the particular contribution that each person makes to the common product, or to ascertain its value, the distribution of wealth must be uneven.

While the Guild Socialists and the Syndicalists regard trade-unions as the future organizers and controllers of industry, the Fabians see in the present State and municipal administration the basis for industrial organization in the Socialist State of the future. They believe in a gradual development of the present individualist society into a Socialist Society, and reject violent measures as likely to lead to reaction. The Socialist order has to be established by social reforms carried through by Parliament and local authorities. The existing order of society has already advanced appreciably towards Socialism, and the realization of the Socialist order is therefore merely a question of time. The Fabians are distinguished from, and show themselves superior to, the Syndicalists and the Revolutionary Socialists by their calm and

* *Fabian Tracts*, No. 70, p. 6.

SOCIALISM IN GREAT BRITAIN

watchful policy, and by their efforts to base their principles upon scientific investigations.

The most remarkable treatise on modern Fabian Socialism is Sidney and Beatrice Webb's work, "A Constitution for the Socialist Commonwealth of Great Britain," published in 1920 on the invitation of the Second International. As was only to be expected, a work of this kind, endeavouring to describe the transformation of the British community into a future Socialist State and to outline its organization, could not avoid entirely a touch of Utopianism. As a product of deep thinking, based upon wide experience and knowledge in social and economic matters, the work nevertheless represents a contribution of great importance to Socialist literature. The main constitutional reform suggested by Mr. and Mrs. Webb is that there should be established, in addition to the present *political* Parliament, a *social* Parliament—to be independent of and equal in power to the former. The consideration of all social questions, and the general leadership and control of the nationalized industries should be placed in the hands of the social Parliament. Whereas the Cabinet-system should remain in the political Government, the social government should be carried on by a Committee-system, the executive committees being appointed by and from the members of the social Parliament. The following enterprises are considered already ripe for nationalization: Mines, the iron industry, forests, railways, canals, overseas passenger-traffic, insurance, and, to a certain extent, banking. Mr. and Mrs. Webb do not believe in the entire abolition of private capitalism. They remark that history does not know of any institution of fundamental importance to the community that has been abolished completely. Domestic industry survived both the period of workshop-industry, and the present period of factory-industry, though it is no longer the leading form of production. In the same way it is probable that private capitalism will remain under a system of Socialist organization, though in a subordinate position.

There is one important point about the Fabians which has not yet been considered, and that is their difficult dual position as Socialist politicians and as economists. This undoubtedly involves a danger that economic investigations may be used to further the ends of Socialism and not in order to obtain unbiased knowledge; in other words, that the premises may be arranged so as to lead up to socialist conclusions, whereas the genuine economist draws his conclusions from the existing premises irrespective of his political views. When we consider the writings of modern Fabians in the *Fabian Essays*, and compare them with those of twenty years ago, we are struck by noticing the extent to which their standard of

LABOUR POLICY

scientific accuracy has declined, save in some honourable exceptions. Probably this decline is due partly to the increased political activity of the Fabian Society and partly to the growing influence upon its members of extremist socialist ideas. There is little doubt that the Fabian Society will lose its world-wide reputation as a scientific and intellectual body unless the standard of work produced by its spokesmen and leaders is raised to its old level.

5—THE COMMUNIST PARTY OF GREAT BRITAIN

IN order to form an opinion as to the general tendencies of the newly created Communist Party it is necessary to consider the history and development of the British Socialist Party, which was the principal organization out of which the new Party was formed.

The British Socialist Party was created at a Conference held at Manchester in October 1911 which was composed of the members of the Social Democratic Party (the name of the Social Democratic Federation 1908-1911), and of certain members of the I.L.P. The Party at its first Annual Conference held in 1912 took up a revolutionary socialist attitude. At the beginning of the War the Party does not seem to have made up its mind as to which policy should be pursued, and it gradually became clear that it was divided into two distinct sections; one declared that the War was the outcome of capitalist activity among both the Allies and the Central Powers, while the other section regarded German imperialism as the real cause of the War. The first section was inclined to work for a settlement of the War as soon as possible, even if the Germans became victorious. As mentioned above, the other section, which regarded the overthrow of German imperialism as a necessity and which was willing to continue the War at any cost in order to accomplish this end, broke away from the Party in 1916 and formed the National Socialist Party. As a matter of fact the British Socialist Party lost the best of its members, as well as its official organ *Justice*, by this secession. The Party, however, has started another paper, *The Call*.

In September 1915 the first International Conference of Revolutionary Socialists was held at Zimmerwald in Switzerland. Among the delegates were Lenin (Russia), Merrheim (France), and Z. Höglund (Sweden). The delegate of the British Socialist Party was refused a passport by the Government, but the Party passed a resolution in favour of affiliation to the Revolutionary Socialist International.

The British Socialist Party in 1917 applied for membership to the

SOCIALISM IN GREAT BRITAIN

Labour Party and was admitted. At the General Election of 1918 the Party failed utterly. It ran no less than twenty-five candidates under the auspices of the Labour Party, but none of them were successful. The British Socialist Party did not withdraw from the Labour Party on joining the Third International; it defended its illogical and inconsistent position by stating that the capitalists must be fought by all possible means, and that parliamentary action was for purposes of propaganda, a very effective method. But it did not explain how it was possible for its parliamentary candidates to run under the auspices of the Labour Party, of the policy of which it thoroughly disapproved.

The aims of the British Socialist Party were distinctly negative, in fact they seem to have been opposed to all positive aims. The Party advocated the abolition of Capitalism and the Capitalist State, and the substitution for these of a social order in which manual labour plays the chief rôle. In brief, it may be said that the Party aimed at the overthrow of the existing social order without having a very definite idea of the nature or constitution of the order by which it was to be replaced. The new social order "cannot be the work of benevolent, philosophical professors engaged in analysing society," it must be the result of the workers' own activity.*

The Communist Party of Great Britain was formed in August 1920 as a result of a fusion between the British Socialist Party, a section of the Socialist Labour Party, and various small Communist societies. It is affiliated to the Third International. The Party Congress has also voted in favour of affiliation to the Labour Party, but the application for admission was dismissed.

Communism has as yet exercised very little influence upon the British Labour movement. However, it is gradually gaining ground among the trade-unions and compels the moderate Socialists to fight on two fronts instead of on one. This is naturally calculated to weaken the Labour movement. The same effect is produced by the unscrupulous policy of the Revolutionary Socialists which discredits the Socialist movement as a whole and renders it more liable to attacks.

* W. MacLaine, *Trade Unionism at the Cross Roads*, London 1917.

CHAPTER XIII

SYNDICALISM AND TRADE-UNIONISM IN GREAT BRITAIN

I—SYNDICALIST INFLUENCE UPON THE TRADE-UNION MOVEMENT

SYNDICALIST ideas are not indigenous to the soil of the British Labour movement. They have been transplanted into the United Kingdom from their native countries, France and the United States of America. The Syndicalist movement in England is, however, no exact copy of either French Syndicalism or American Industrial Unionism, but represents a type of its own. As a social theory British Syndicalism is of very little importance, and the adherents of the Syndicalist organizations are comparatively few in number; its importance lies more in its influence upon other social theories and upon the trade-union movement.

Anti-parliamentary methods were advocated by the French Revolutionary Socialists at the International Labour Congress held in London in 1896. It is true that Marxian Socialism dominated the Congress, but the French ideas made a great impression, and the future leader of the British Syndicalist movement, Tom Mann (at that time secretary of the Independent Labour Party), intervened in favour of the French Revolutionary Socialists. At the same time as the nascent French Syndicalism began to exercise a certain amount of influence on the British Labour movement, the ideas of American Industrial Unionism were being disseminated in the United Kingdom by the Socialist Labour Party in Scotland. This body was affiliated to the powerful Syndicalist trade-union-combine in the United States of America, called the Industrial Workers of the World which aimed at the abolition of the capitalist and wage system, and relied entirely upon economic action. The American Syndicalists originally were indifferent to parliamentary action, but now they utterly condemn all such measures.*

While the French and American Syndicalists are opposed completely to parliamentary action, the British Syndicalists do not adopt an altogether unfavourable attitude towards parliamentary methods. Undoubtedly they are revolutionary in spirit, but they

* Industrial Unionism has in view the organization of the workers so that all workers who produce the same kind of commodity should combine.

SYNDICALISM AND TRADE-UNIONISM IN GREAT BRITAIN

recognize the usefulness of a parliamentary platform for syndicalist propaganda.* The fundamental principle of Syndicalism, that Labour is everything, is, as we have seen, maintained more strongly by the French Syndicalists who absolutely refuse to recognize the authority of a *bourgeois* Parliament. At the same time they commit the error of advocating that social reforms should be carried through by the very Parliament which they do not recognize. The British Syndicalists, on the other hand, do not reject completely all co-operation with the *bourgeois* classes, and are therefore quite consistent and logical when they demand social reforms to be carried out by Parliament. Nevertheless they consider parliamentary action as a subordinate method only, and lay particular stress upon economic measures, i.e., direct action. As a matter of fact they take a very optimistic view of the efficacy of strikes. They believe in the possibility of forcing the employers to submission by the mere refusal to work. They argue that if the workers strike often enough it will be no longer profitable for the employers to carry on their business, and that then the workers will take over the business either by force, or by purchase at a very much reduced price. "When the capitalists get tired of running industries," says Tom Mann, "the workers will cheerfully invite them to abdicate, and through and by their industrial organizations will run the industries themselves in the interests of the whole community."† It is important to notice that both the British and the French Syndicalists recognize the danger of bureaucracy, and reject completely the Socialist principle of nationalization by the State. The industrial activity in a Syndicalist community will be carried out by the trade-unions, and by the Federations of trade-unions. Though the British Syndicalists depart somewhat from the "Labour is everything" principle with regard to political action, they maintain a more uncompromising attitude with regard to industrial action. They utterly reject binding agreements between Capital and Labour under any form whatever.

British and French Syndicalism differ in their views on industrial organization. While the French Syndicalists favour a system of small self-governing groups of producers, the British Syndicalists, undoubtedly under the influence of Trade Unionism, seem to be more inclined to centralization. This difference between Syndicalism in France and Syndicalism in the United Kingdom is a natural result of the difference in form and in development of the organization of industrial labour in the two countries.

* *Cp. The Industrial Syndicalist*, July 1910, and the *Syndicalist*, January 1912, p. 281.

† Quoted by B. & S. Webb, *History of Trade Unionism*, London 1920, p. 658.

LABOUR POLICY

The strike-movement in Great Britain changed gradually under the influence of Syndicalism. The years of exceptional industrial unrest, 1910-14, were the period during which the Syndicalist movement flourished.* The strike-movement of earlier years, which aimed at a certain fixed increase of wages, at a certain reduction of the working-time, or at better working-conditions in the factories, sometimes gave place to the vague Syndicalist strike-movement. The Syndicalist strikes were often disguised as ordinary strikes for definite aims: for instance, an isolated instance of injustice to a single workman might be the pretext for a large destructive strike of which the ulterior objects were the weakening of the capitalist class and the education of the workers to disciplined leadership, in order to prepare them for the final abolition of the wage-system.† Strikes of this character, naturally, must be considered essentially political.

The importance of united action has been recognized by the trade-unions for a long time, and the more the movement towards industrial combines developed the more they realized the necessity for combining in Federations and amalgamated unions, not only in order to bring greater pressure to bear upon the employers and companies in their respective industries, but also to avoid friction between the various minor unions as a result of the organization of strikes.

The more the spirit of the trade-unions became permeated by the Syndicalist principles of class-warfare (which gave the strikes an increasingly political character), the stronger grew the movement in favour of united action—even extended to national dimensions—between Federations and unions of different industries. The movement was not directed only against the employers of a certain company, or of a certain industry, or of a certain branch of industry, but against the *bourgeois* society as a whole. A centralization of the strike-movement seemed to be the most rational way of forcing society to submit. These were the principles upon which the *Confédération Générale du Travail*‡ (C.G.T.) and the *Triple Industrial Alliance* were founded.

The Triple Alliance, of which the constitution was ratified in December 1915,§ was composed of the Miners' Federation of Great

* It must be noted that the rise in prices and fall in real wages naturally account for much of the industrial unrest during this period. But the national coal-strike in 1912, for instance, was provoked mainly by syndicalist agitation, although it had in view the establishment of minimum wages. *Cp.* p. 361.

† *Cp.* J.W. Scott, *Syndicalism and Philosophical Realism*, London 1919, p. 12.

‡ *Vide* pp. 46 seq.

§ The initiative in forming this alliance was taken by the Miners' Federation as early as 1913, but the creation of the formal alliance was suspended in consequence of the War.

SYNDICALISM AND TRADE-UNIONISM IN GREAT BRITAIN

Britain (comprising 900,000 workers), the National Union of Railwaymen (comprising 350,000 workers), and the National Transport Workers Federation (comprising 250,000 workers). One of the reasons for the formation of this Alliance was the mutual dependence of the employees in the above-mentioned trades during strikes, so that a strike in one of these trades would always affect more or less the employees in the other two. The main reason for the creation of this powerful Alliance, comprising as it did more than a million and a half members, was, however, the tremendous influence that this combine would be able to exercise upon the whole industrial life of the country. The Triple Industrial Alliance was a political institution of the highest importance as it was able to bring pressure to bear upon society as a whole for the purpose of gaining political reforms. It must be noticed, also, that Mr. Smillie, who was the President of the Miners' Federation in 1916, stated that, although the Alliance at the moment was not intended to include more than the three trades referred to, it might well be found advisable at a later date to extend the scope of the Alliance in the general interests of Labour as a whole. As a matter of fact the question had already been discussed whether the Triple Alliance ought not to assist the workers of the textile-industry in the event of a strike.* The constitution of the Alliance included the following points :†

(i) Matters submitted to the joint-body must be, in the opinion of the body raising them, of a national character and such as necessitate joint-action.

(ii) Co-operation is not to be expected until the matter in dispute has been endorsed by the *Executive* of the Federation primarily concerned. No movement shall be initiated by any of the affiliated bodies, if it is likely to involve the others, until it has been submitted to the joint-body for consideration.

(iii) Periodical meetings of the three full Executives to be held at least half-yearly.

(iv) The *Consultative Committee* to consist of two representatives from each of the three organizations. This Committee may call a Conference at any time, and must call one on the application of one of the three bodies.

(v) Management-expenses to be met by contributions from each body of a sum of 10s. per 1,000 members.

(vi) Every effort to be made by the three sections to obtain effective and complete control of their respective bodies.

* *Labour Year Book*, 1916, p. 104.

† *Labour Year Book*, 1919, p. 23.

LABOUR POLICY

(vii) Autonomy to be reserved to each body to take action on its own behalf.

(viii) Joint-action to be taken only when the question at issue has been before the members of the three organizations and decided by such methods as the constitution of each organization provides, and the Conference then to be called without delay to consider and to decide the question of taking action.

(ix) No obligation to devolve on any of the three bodies to take action unless these conditions are complied with.

It would be a mistake to regard the Triple Industrial Alliance as a purely Syndicalist organization like the French General Confederation of Labour. The most one can say with certainty is that it was formed under the influence of Syndicalism. Its method is direct action both for economic and political purposes, but its leaders are Socialists and members of Parliament. They do not advocate the ownership of the means of production by the workers (as the Syndicalists desire) but that the nation as a whole shall be the owner and controller. With regard to the ultimate object of its policy the Triple Industrial Alliance therefore stands, as yet, on Socialist ground. It is interesting in this connection to notice what Mr. Frank Hodges, Secretary of the Miners' Federation, says as regards the question of the nationalization of the coal-mining industry. "It is no use," he says, "to try to describe the industry under Guild Socialism. . . . The mines as well as the minerals must be national property. Unlike the Syndicalist proposal, it is not intended that the industry should be owned by the people engaged in it. That method is anti-social in character, and, if effected by force, would sooner or later break down."* From this it is quite clear that the Miners' Federation is no Syndicalist body; the two other members of the Alliance are still less so. On the other hand the fighting methods of the Triple Industrial Alliance are, undoubtedly, more Syndicalist than Socialist.

Mr. Sidney Webb is of the opinion that the vast majority of Trade Unionists object to direct action for aims other than those connected with the economic function of the trade-unions, but that they are prepared to approve of direct action as a reprisal for such action taken by other groups of society. With regard to a general strike for purely political and non-economical purposes Mr. Webb doubts very much whether the Trade Union Congress could be induced to endorse it, or the rank and file to carry it out, unless the Government were to make a direct attack upon the political or industrial liberty of the working-class, which would have

* Frank Hodges, *Workers' Control in the Coal Mining Industry*, published by the Mines for the Nation Campaign-Committee, London 1920, pp. 1-3.

SYNDICALISM AND TRADE-UNIONISM IN GREAT BRITAIN

to be resisted by every possible means not excluding revolution.* This theory of counter-direct action is the Socialist defence for Syndicalist methods adopted by Socialist bodies. But, though it might still be applicable to the attitude of the Trade Union Congress, this is not the case with regard to the Miners' Federation. This body, in 1919, threatened to strike unless compulsory military service were suspended, and military intervention in Russia stopped. Thus the Federation intended by means of a strike-threat to force the Government to change its policy in accordance with the will of the Federation. It is true that the threatened action was never taken, for the Government, independently of this pressure, had decided on a policy which met these demands, but it serves to show that the spirit of direct political action had entered at least the Miners' Federation. The Federation had still another claim, of both an economic and a political character, namely the nationalization of the mines. This claim was supported by the other bodies of the Triple Alliance, and in the spring of 1919 the Parliamentary Committee of the Trade Union Congress was urged to force through the measure by means of a general strike. The Committee refused to take extreme steps, but sent a deputation to the Government presenting the miners' claim for nationalization. The Government reply amounted to a declaration that it would regard a general strike as a revolutionary step which it would fight with all the means at its command. The Parliamentary Committee accepted the answer of the Government as final, but the Triple Industrial Alliance and a great many trade-unions outside the Alliance did not. Indeed, the unions of carpenters, mechanical workers, and shop-assistants threatened to join the Triple Alliance, and to organize a general strike under its leadership. Under this menace the Government appointed the Coal Commission which had to inquire into the present system of ownership and working in the coal-mining industry. The Commission reported that some other system ought to be substituted for that at present in being, "either nationalization, or a method of unification by national purchase or by joint-control."† The Sankey Report‡ was accepted by the miners' ballot three weeks after its publication by 693,000 votes to 77,000,§ but the proposal as to nationalization was rejected by the Government. The Trade Union Congress held in September 1919, declared in conjunction with the Miners' Federation, that if the Government would not give way it would convene a special Congress for the purpose of

* *History of Trade Unionism*, London 1920, p. 672.

† *Interim Report of the Commission*, 1919 (Cd. 84) Clause ix.

‡ The Chairman of the Commission was Mr. Justice Sankey.

§ R. Page Arnot, *Further Facts from the Coal Commission*, Labour Research Department, 1919, p. 5.

LABOUR POLICY

deciding upon the kind of action to be taken in order to compel the Government to carry out nationalization. The Government held to its decision, and it was intended that the special Congress should be held in December 1919. The trade-unions, however, could not make up their minds as to the kind of action to be taken, and the Congress was postponed until the following March. The Miners' Federation had decided by a large majority to vote for direct action, i.e., for a general strike.* On the other hand, the General Federation of Trade Unions, the railwaymen, and the textile workers had instructed their delegates to vote against direct action. The Congress had also decided, by nearly four million votes to one million, not to support the extremist policy which was recommended by the Miners' Federation in order to force the Government to adopt nationalization. Instead, the Congress passed a resolution in favour of political action in the form of extensive propaganda in preparation for a general election. The main argument of the Extremists seems to have been that put forward in the speech of Mr. Hodges, Secretary of the Miners' Federation, namely, that they had lost faith in existing parliamentary institutions since the Government had declined to accept the recommendation of its own Coal Commission. This was considered a fraud. On the other hand Mr. Thomas, Chairman of the Parliamentary Committee, declared that political action had not yet failed, and that direct action would inevitably involve bloodshed.†

From the foregoing it is clear that the Miners' Federation is imbued with a spirit entirely different from that which animates the Trade Union Congress as a whole. The extremist policy of the Federation is naturally a cause of great anxiety, not only to the community as a whole, but also to the trade-unions in general, and to the other organizations of the Triple Industrial Alliance in particular.

The original intention of the Alliance was that, when one of the three organizations should judge it necessary to order a strike, it should be supported by the other two bodies. This principle has not as yet been carried out, but each body has had to fight its own battles unaided. In fact the Alliance, for this reason, proved to be a source of weakness rather than of strength to the three constituent bodies, as it rendered their positions uncertain. There was always the risk of a strike involving all three when only one of them was concerned directly. In the early days of the great coal-strike of 1921 negotiations broke down completely between the members of the Triple Alliance, the railwaymen and transport-

* The Federation controls nearly 20 per cent. of all the votes cast at the Trade Union Congresses.

† *The Times*, March 12th, 1920.

SYNDICALISM AND TRADE-UNIONISM IN GREAT BRITAIN

workers refusing to participate in the strike. The immediate result of this refusal was the split up of the Triple Alliance. However, the subsequent reconstruction of the central trade-union organization has furnished a new system of united action.

The Trade Union Congress, which dates back to 1868, is the supreme authority in the British trade-union movement.* Until recently it was not, like the National Confederations of France and the Scandinavian countries, a central fighting-organization for the entire trade-union movement of the country which pulls the wires in all the main trade-disputes; its functions were merely to lay down the general principles of the trade-union movement and to declare its decisions on matters of national importance. The Parliamentary Committee, which until the Congress of 1921 was the executive body for the trade-union movement, never possessed sufficient authority to act quickly and decisively in important industrial disputes, and therefore was not competent to organize and supervise the whole strike-movement of the country. Moreover the Parliamentary Committee, in consequence of its moderate attitude with regard to questions of nationalization and direct policy, was very unpopular among the extremists of the rank and file, who accused the Committee of being too Conservative in spirit and weak in policy. In order to increase the fighting efficiency of organized Labour the Congress, held at Portsmouth in 1920, decided to establish a *General Council of the Trade Union Congress*, consisting of thirty-two representatives, to supersede the Parliamentary Committee. The next Annual Congress, held at Cardiff in September 1921, confirmed the decision, and the Council was elected subsequently. It was organised in the following six groups:

Group A†—Persons employed in mining and quarrying, railways, and transport other than railways.

B—Persons employed in ship-building, engineering, iron and steel trades, and building.

C—Persons employed in cotton-trade, other textile trades, clothing, leather, boot and shoe trades.

D—Persons employed in manufacture of pottery, glass, chemicals, food, drink, tobacco, and brushes; in agriculture and distribution; and general workers.

E—Persons employed in printing and paper-works; public employees; and non-manual workers.

F—Women workers.

* The total membership of trade-unions in the United Kingdom at the end of 1920 was 8,501,847. *Cp. The Labour Gazette*, 1921, p. 558.

† The old Triple Alliance.

LABOUR POLICY

There is no doubt that the General Council will increase largely the fighting efficiency of organized Labour, and thereby also the risk of direct action, to which the Parliamentary Committee was always opposed.*

The Syndicalist leader, Tom Mann,† supported by Mr. George Lansbury,‡ has started propaganda among the Co-operative societies in order to obtain their support in the event of strikes. Thus it has been proposed that these societies should join with the trade-unions in the establishment of a general-strike fund. Not only this. It has also been suggested that during the strike the Co-operative societies should supply the strikers with food, clothing and other necessities of life in order to enable them to hold out longer. Such a scheme, if successfully carried out, would increase tremendously the economic strength of the Labour movement, and at the same time the power of endurance of the strikers. There is, however, one obstacle and an important one, which prevents the realization of the scheme, and this is the attitude of the Co-operative societies: many of them are purely capitalist organizations which are strongly opposed to strikes.§

It may be noticed that the idea of the general strike has never met with the same approval from the British workman as from his continental brothers. British workmen believe in strikes and in big strikes, but the majority seem to have recognized, through the experience of other countries, that the general strike of the type prevalent on the Continent is a mistake. The following statement of Bernard Shaw gives a good idea of the general opinion among the majority of the British working-class on this subject. "Why not bring legislation to its knees at one stroke by a general strike? The older hand may retort by asking, why not commit suicide? The fact remains that though the general strike is an absurdity, very big strikes are possible and sometimes very effective."||

2—THE SOCIALIST LABOUR PARTY OF GREAT BRITAIN.

THE principal body which is at present engaged upon spreading Syndicalist ideas in the United Kingdom is the Socialist Labour Party of Great Britain.

* Labour Research Department, *The Monthly Circular*, October 1st, 1920, pp. 51-2, and *The Labour Gazette*, 1920, p. 358; and 1921, p. 519.

† Mr. Mann is the Secretary of the Amalgamated Society of Engineers.

‡ Editor of *The Daily Herald*.

§ *The Morning Post*, May 3rd, 1920.

|| "A strike that should never have taken place." (Viz., The general strike in France, 1920). *Monthly Circular*, June 1st, 1920, p. 82.

SYNDICALISM AND TRADE-UNIONISM IN GREAT BRITAIN

The favourable opinion of the Social Democratic Federation with regard to social reforms was not shared by the Scotch members of the Federation who were of a more revolutionary and uncompromising spirit. They left the Federation in 1903 and organized their own party under the name of the Socialist Labour Party. As previously mentioned this Party was under the influence of American Industrial Unionism whose ideas it adopted. It has also been influenced by several other social movements. At various times it has been regarded as a Revolutionary Socialist Party, as an extremist Marxian Party, as a Syndicalist Party, and finally as a Bolshevik Party. No doubt most of these epithets are more or less applicable to the Socialist Labour Party. Its general principles are as follows : So long as one section of the community owns and controls the instruments of production and the rest of the community is compelled to work for that section in order to obtain the means of life, there can be no peace between them. The Party regards Parliament as a capitalist institution, and is in opposition to all political parties, including the Labour Party. The social revolution at which the Party aims cannot be brought about by parliamentary action as Parliament will always remain under the control of the capitalists. Parliamentary measures are not rejected totally by the Party, but it looks upon them as merely means of defence or agitation. Municipal policy aids the growth of Communist organization, which the Party aims at establishing. The Communist State is to be created by means of a violent revolution. The units of organization in this State will be, on the one hand, of an industrial and, on the other, of a residential character. The smallest industrial unit will be the Workshop or Yard Committee in which the workers will be regarded as workers only, irrespective of craft, grade, or sex. This Committee will send representatives to the next highest unit, the Works or Plant Committee, which in its turn will be represented on the Workers' Council of a town or district. The residential units will also be represented on this Council, over which will be the Departmental Committee, and over this, again, the National Congress. The whole political and industrial organization will thus be placed in the hands of the workers. The parliamentary and municipal candidates of the Party oppose all questions of social reform such as unemployment, housing, workmen's compensation, shorter working-hours, etc., on the ground that they are only "different aspects of the fundamental relations between Capital and Labour." On the other hand, the Party candidates stand for the nationalization of land, mines, railways, and other means of transport, but the administration thereof is to

LABOUR POLICY

be carried out by the Communist institutions.* As a whole the political programme and attitude of the Socialist Labour Party are very much like those of the General Confederation of Labour in France.†

During the War the members of the Socialist Labour Party made themselves conspicuous by organising syndicalistic strikes. Thus the strikes among the munition-workers and engineers in the Glasgow districts in 1915, 1916, and 1917 were due directly to the influence of the Socialist Labour Party; it was the policy of this Party to create Syndicalist Workers' Committees and *Shop Steward* Committees in order to replace the trade-union executives, which had done their best to keep the munition-works going. The Clyde Strikes spread to the English engineering-centres, and naturally caused a considerable decrease in the output of munitions, and the position became so serious that several leaders of the movement had to be imprisoned or deported.‡ The shop-steward movement has continued ever since the War, and, as will be seen presently, has taken a more definite shape under the influence of Guild Socialist ideas.

3—GUILD SOCIALISM.

LIKE British Syndicalism the Guild Socialist movement arose during the years of rising prices at the beginning of the present century, and as a reaction against Trade Unionism which, in spite of the ever-growing power and influence of the trade-unions, had failed entirely to secure an improvement in the standard of living of the working-classes. Guild Socialism represents an entirely new policy according to which the whole wage-system ought to be abolished and its place filled, not by a system of bureaucracy, but by a system in which the workers themselves, organized in Guilds, would be the leaders of production. The influence of syndicalist thought upon Guild Socialism is clear enough, but its presumed derivation from the mediæval Guild-system is more obscure, because in this system the masters, although themselves largely producers, were not only the leaders, but also the owners of the means of production.

The principles of the National Guild System in England were

* *Cp.* the programme of the Socialist Labour Party to the municipal elections 1920, and the *Platform, Constitution, and Rules of the Party*, Glasgow 1920.

† The Socialist Labour Party is affiliated to the Third International.

‡ The organ of the Socialist Labour Party is the *Socialist*, and among the papers advocating the ideas of the Party may be mentioned the *Workers' Dreadnought*, *The Worker*, and *Solidarity*.

SYNDICALISM AND TRADE-UNIONISM IN GREAT BRITAIN

laid down for the first time in 1906 by Mr. A. R. Orage in an article in *The Contemporary Review*, and by Mr. A. J. Penty in his work *The Restoration of the Guild System*. The Guild theory was developed gradually to fit modern industrial and labour conditions in the weekly review *The New Age*, which was founded in 1907 by some Fabians and edited by Mr. Orage, and also in various other publications, the most prominent authors of which were Mr. G. D. H. Cole, Mr. P. S. Hobson, Mr. G. R. Stirling Taylor, and Mr. R. Page Arnot. The National Guilds League was founded in 1915. Many of its members are writers of university-education, but it also includes several manual workers. The monthly organ, *The Guild Socialist* (formerly *The Guildsman*), is edited by Mr. and Mrs. Cole.

The social order proposed by Guild Socialism is based upon the theory of the co-management of industry by the State and the trade-unions. Ownership of all the means of production is to reside in the community, but the unions are to be recognized definitely by the State as the normal controllers of industry.* According to the principles of the National Guilds League, the means of production will be "vested in the State and administered by several Guilds."† The State must have a voice in determining the dividends of the Guilds, for instance, by fixing prices and by withholding supply. While the Guilds represent the producers, the State represents the consumers, and is bound to protect their interests. In order to bring about a friendly co-operation between the State and the Guilds, there shall be established joint-boards on which consumers and producers will be represented equally. These boards must be linked up, on the side of the consumers, with Parliament and a Government Department.‡ The National Guilds League does not reject parliamentary action, but is convinced that the real struggle for the new social order must be fought mainly on the economic ground.

The pure Syndicalists are opposed strongly to Guild Socialism. The following declaration in the *Syndicalist* is typical of the way in which they regard it. "Middle-class of the middle-class, with all the short-comings, we had almost said 'stupidities,' of the middle-classes, writ large across it, 'Guild Socialism' stands forth as the latest lucubration of the middle-class mind. It is a 'cool steal' of the leading ideas of Syndicalism and a deliberate perversion of them. . . . We do protest against the 'State idea' . . . in Guild Socialism. Middle-class people, even when they

* Cp. G. D. H. Cole, *The World of Labour*, London 1919, p. 363.

† *A Short Statement of the Principles and Objects of the National Guilds League*, p. 7.

‡ G. D. H. Cole, *Ibid.*, p. 366.

LABOUR POLICY

become Socialists, cannot get rid of the idea that the working-class is their inferior, that the workers need to be 'educated,' drilled, disciplined, and generally nursed for a very long time before they will be able to walk by themselves. The very reverse is actually the truth. . . . It is just the plain truth when we say that the ordinary wage-worker of average intelligence is better capable of taking care of himself than the half-educated middle-class man who wants to advise him."*

It must be remembered, however, that Guild Socialism has rendered valuable services to the development of modern syndicalist thought. The idea of safe-guarding the interests of the consumers, as proposed in the programme of the French National Confederation of Labour, is borrowed, very likely, from the British Guild Socialists.

As already mentioned Guild Socialism has exercised a considerable influence upon the shop-steward movement. This movement is strong particularly in engineering and ship building where workers in the same establishment often belong to different crafts and trade-unions. It is this disintegration of the workers into different crafts (rendering united action between the workers of the same factory difficult or even impossible) that has given rise to the shop-steward movement. This movement has developed along three different lines. In the first place, shop-stewards and shop-committees have been appointed by the trade-unions in order to supervise the working-conditions of the various factories in their trade, but without authority for entering into agreements with the employers. Secondly, there is the revolutionary or Bolshevik shop-steward movement which aims at the substitution of shop-stewards and committees for the trade-unions and at the complete overthrow of the trade-union organization. Finally, and most important, there is the movement which aims at the establishment of shop-committees for the various factories in order that they may represent the interests common to the workers of each shop, but without any intention of their superseding the trade-unions. This is the movement supported by the Guild Socialists who see in the shop-committees the future leaders of industry. The Guild Socialists encourage united action between the trade-unions and the shop-committees, as well as their combining into district and national organizations.

The reason why Guild Socialism has been considered in connection with Syndicalism is, first of all, because, although its theory in so far as it aims at State-ownership and control is essentially Socialist, its practical application to industry will develop, without

* Quoted by Bertrand Russell, *Roads to Freedom*, London 1919, pp. 91 and 92.

SYNDICALISM AND TRADE-UNIONISM IN GREAT BRITAIN

doubt, and in the near future, on syndicalist lines. This is shown clearly by the Guild Socialist experiments which have been carried out already or are now under development in the building-trade. While nationalization is a necessary condition for Socialist organization, enterprises organized on Guild Socialist lines may very well be established in competition with private enterprises of the same industry. This fact has been strongly emphasized by the prominent Guild Socialist, G. R. S. Taylor.* The circumstance that the building-industry has been the first field in which Guild Socialist principles have been applied largely results from the fact that in this industry the capital-equipment required for the carrying on of the business is comparatively small, so that the necessary credit can be raised easily by the workers. Since 1920 building Guilds have been established in London, Manchester, Glasgow and several other towns.

The first Guild, which was organized in Manchester, in January 1920, became in the following March a central organization under the name of the National Building Guild, North Western Division. This Guild registered under the Companies Acts of 1908-1917, and therefore is obliged to issue shares. These, which are made out to the directors (as a rule trade-union officials) are only nominal for no dividends are paid. The local Guilds affiliated to the Manchester Guild are not registered and therefore are not authorized to enter into economic liabilities. The National Building Guild, therefore, undertakes the making of contracts and the purchase of material on behalf of the local Guilds, and the necessary credit is raised through the assistance of the Co-operative Wholesale Society and the Co-operative Bank. The Co-operative Insurance Society has undertaken to guarantee, within certain limits, the fulfilment of the contracts entered into by the Guild.

The London Guild of Builders established in April 1920, is on the whole, based upon the same principles as the Manchester Guild. More importance, however, has been attached to the need that architects, engineers, and other experts should be represented on the central as well as the local Guild committees.

The general principles of the building Guilds may be summarized as follows. The producers themselves undertake the responsibility of administering the businesses, and each branch of the industry is represented on the administrative committees of the various Guilds. The surplus-earnings derived from the business are not distributed as dividends but used, on the one hand, for improving material-equipment, technical education, etc., and, on the other,

* *Guild Politics, a practical Programme for the Labour Party and the Co-operators*, London 1921, pp. 43-54.

LABOUR POLICY

for the support of the workers in cases of illness, accident, old-age, and unemployment. This last provision is particularly important as the demand for labour in the building-industry is subject to seasonal fluctuations. It has also been suggested, in order to prevent seasonal unemployment, that arrangements should be made with other industries to employ building-workers during slack seasons in the building-trade.

It is hardly possible to form yet a definite opinion as to the activity of the building Guilds, or to foresee their future development. It is, however, a remarkable fact that by the end of 1920, i.e. not quite a year after the first Guild was established, the Manchester and London Guilds had contracted for the construction of 1,776 houses. Moreover, the average cost of production in some cases turned out more than 10 per cent. cheaper than in private enterprises.* It must be borne in mind, however, that the collapse of the building-trade during the War and the consequent great need for increased activity in the trade during the first post-War period, are circumstances which must have contributed largely to the success of the building Guilds up to the present time.

It remains to be seen whether the Guilds will be successful in the long run, and whether their example will be followed in industries where the conditions are less favourable to the application of Guild principles.

* *The Guildsman*, December 1920, and *Report of the Swedish Social Attaché in London, Sociala Meddelanden*, 1921, No. 4.

CHAPTER XIV

LABOUR REPRESENTATION IN GREAT BRITAIN UP TO 1907

THE successive franchise-reforms of 1832, 1867-8, and 1884-5 removed the constitutional obstacle to independent Labour representation in the British Parliament. After the first Reform Act the workers began to organize for the purpose of securing political representation. The Chartists and the London Working Men's Association ran several candidates at various elections, but they were defeated constantly at the polls. It was not until after the Reform Act of 1867, by which a large number of more highly-paid wage-earners were enfranchised, that Labour candidates were returned to Parliament.

Before the general election of 1874 the Trade Union Congress created a Labour Representation League which brought forward thirteen candidates, two of whom—Alexander Macdonald and Thomas Burt—were successful. These were the first Labour representatives to be returned to Parliament. In 1880 their number was increased to three, and in 1886 there were altogether ten Labour Members in Parliament ; after the elections of 1895 this number was increased to twelve.

The importance of obtaining the representation of Labour had been recognized at an early date, and the Trade Union Congress of 1875 passed a resolution which declared it to be the duty of all trade-unions and other bodies of working-men to seize every opportunity of sending men of their own order to Parliament. In spite of intense Socialist propaganda for independent Labour representation the trade-unions carried on their parliamentary activity in conjunction with the Liberal Party until 1899. Also, the small Labour Group, which represented for the most part the miners' unions in Durham, Northumberland and South Wales and which pretended to be independent, was in reality largely under the influence of the Liberal Party. The explanation is not far to seek ; on the one hand it was not until the last years of the nineteenth century that the financial resources of the trade-unions were sufficient to carry on an effective independent policy at the elections and in Parliament where the elected members were at that time unpaid ; and on the other hand very few of the Labour spokesmen were qualified to compete in

LABOUR POLICY

debate with the well-trained Conservative and Liberal speakers. But the situation changed gradually and in 1899 the workers felt strong enough to form an independent group in Parliament. There can be little doubt that the movement for complete independence was initiated by, and received its greatest momentum from, the propaganda of Socialist organizations in whose ranks were numbered some of the most brilliant leaders of the British Labour movement. The Trade Union Congress of 1899 decided to invite Socialist and Co-operative organizations to a Conference, which should discuss the best ways of increasing the number of Labour representatives in Parliament. The resolution, which was carried by a narrow majority, ran as follows: "That this Congress, having regard to the decision of former years, and with a view to securing a better representation of the interests of Labour in the House of Commons, hereby instructs the Parliamentary Committee to invite all co-operative socialistic trade-unions and other working-class organizations to co-operate jointly on lines mutually agreed upon in convening a special Congress of representatives from such of the above-named organizations as may be willing to take part to devise ways and means for the securing of an increased number of Labour members in the next Parliament."

A special Committee was appointed in order to prepare the agenda for the Labour Representation Conference. It is of interest to notice the composition of this Committee. Of the ten members four came from the Parliamentary Committee of the Trade-Union Congress, and the other six from the three Socialist organizations, two from each. Of the representatives of the Parliamentary Committee two were Liberals, the other two Socialists; the Committee was thus composed of eight Socialists and two Liberals, one of whom held views bordering upon Socialism. Bearing this circumstance in mind it is interesting to see the cautious way in which the Committee worked out the agenda for the Conference, which was almost entirely free from Socialistic tendencies.

The Special Conference on Labour Representation was assembled at the Memorial Hall, London, on February 27th and 28th, 1900. Of the 129 representatives 12 only were delegates of the Socialist organizations. Several of the more important of the trade-unions of miners, boiler-makers, and cotton-operatives were not represented at the Conference, nor were the co-operative unions represented, because they were moving in the direction of parliamentary representation in their own particular way.* Altogether 568,177 organized workers were represented.

* E. R. Pease, "Conference on Labour Representation" in *The Economic Review*, April 1900, p. 235.

Mr. Chandler, Chairman of the Parliamentary Committee of the Trade Union Congress, opened proceedings. He pointed out that the object of the Conference was to devise some scheme whereby they could unite the various forces of the Labour organizations throughout the country in an attempt to focus their efforts upon returning to Parliament a much larger number of members who were in sympathy with the cause of Labour and prepared to advocate it in that assembly.*

According to the resolution of the Trade Union Congress of 1899 the Conference had to consider the ways in which the number of Labour Members in Parliament could be increased. The first question to be considered, therefore, was what ought to be meant by *Labour Member*. It was suggested that the Conference should declare itself in favour of the representation of the working-classes in the House of Commons by members of their own class, as being most likely to sympathize with the aims and demands of the Labour movement; it was felt that those men who had been through the mill as workers were best qualified to give adequate expression to the aspirations and demands of their former comrades. However sympathetic a man might be with the aims of Labour, if he had not actually been a worker he could not understand the needs and wishes of the working-classes.

The Conference as a whole, however, took a somewhat broader view and passed the following resolution: "That this Conference is in favour of working-class opinion being represented in the House of Commons by men sympathetic with the aims and demands of Labour movements, and whose candidatures are promoted by one or other of the organized movements represented by the constitution which this Conference is about to frame."†

By settling this point at this early stage of the proceedings the Conference showed its true spirit, and its attitude was confirmed when it threw out the Social Democratic Federation's proposal advocating a distinct class-War Party and aiming at the complete socialization of all the means of production. The following resolution, which was moved by the president of the Independent Labour Party, Mr. Keir Hardie, was carried instead: "That this Conference is in favour of establishing a distinct Labour Group in Parliament, who shall have their own Whips, and agree upon their policy, which must embrace a readiness to co-operate with any Party which for the time being may be engaged in promoting legislation in the direct interest of Labour, and be equally ready to associate themselves with any Party in opposing measures having an opposite tendency; and

* *Report of the Labour Representation Committee, 1900.*

† This resolution is referred to later as Resolution I.

LABOUR POLICY

further, members of the Labour Group shall not oppose any candidate, whose candidature is being promoted in terms of Resolution I."

It was further decided that the Labour Representation Committee should consist of twelve representatives, seven of whom should represent the trade-unions, two the Independent Labour Party, two the Social Democratic Federation, and one the Fabian Society. Such members should be elected by their respective organizations. No member should be eligible to serve on the Committee unless his organization subscribed to the funds of the Committee according to special stipulations. The duty of the Committee in the event of an election should be to prepare a list of candidates to be run in accordance with Resolution I, and to publish it as the official list of the United Labour Party, recommending that such candidates should receive the support of the working-class electors. The Committee should keep in touch with trade-unions and other organizations, local and national, which were running Labour candidates, and should convene a Labour Representation Conference in the month of February each year. It should also report annually to the Trade Union Congress and to the annual meetings of the national societies represented on the Committee, and take any steps considered advisable to elicit opinions from the members of the organizations to which the Committee was ultimately responsible.

Each affiliated body should pay 10 shillings a year for every 1,000 members, and should also be responsible for the expenses of its own candidates. The Labour Representation Committee should administer the funds, which might be received in this way on behalf of the organizations.

In a report of the Conference issued by the Committee in March 1900,* it was emphasized that the aim of the united activity of the different Labour groups was to elect to the House of Commons a body of men who had a firm grasp of Labour's conditions and needs, and who were untrammelled by Party considerations—excepting the decisions of their own organization—in finding opportunities for voicing the claims of Labour in Parliament. The Labour Representation Conference had recognized, what the capitalists had seen long ago, that the great battles between Capital and Labour were to be fought out on the floor and in the division-lobbies of the House of Commons. It had established an effective Labour combine which could push to the front the questions upon which the workers were agreed almost unanimously, such as shorter hours, healthy homes, and old-age pensions.

It is interesting to notice how free from socialistic tendencies the

* Typewritten only.

LABOUR REPRESENTATION IN GREAT BRITAIN TO 1907

Labour Representation Conference was in reality. It aimed in the beginning only at social reforms in the spirit of Liberalism and Trade Unionism. This policy, however, was gradually changed by the influence which in the long run the Socialist "lions" exercised upon the Trade Unionist "lambs."*

In consequence of the unexpected dissolution of Parliament in September 1900 the Labour Representation Committee was not fully prepared to face the general election. It had existed for only eight months, and had had no time to organize, and consolidate the membership of, the United Labour Party. Many Labour societies were still considering the question of affiliation, and were actually taking a ballot on the subject among their members, when Parliament was dissolved. As the Labour Representation Committee had no power to recommend candidates other than those nominated by, or belonging to, affiliated societies, its lists could not but be incomplete.

The result of the election was that eleven Labour candidates were returned, a loss of one candidate as compared with the result of the election of 1895.† But two members of the Committee, Mr. Bell and Mr. Keir Hardie, won seats for Independent Labour, and in every case but one where comparison with 1895 was possible, the candidates of the Committee improved their polls. But the degree to which the political situation for Labour had been improved by means of joint-action was shown first at the next general election, for which the Committee had had ample time to prepare.

At the first annual Conference of the Labour Representation Committee of 1901 societies were represented which had a total membership of 456,438; out of this 339,577 belonged to the trade-unions, 94,000 to the trade-councils and 22,861 to the Socialist societies. A factor which certainly helped to increase the number of affiliated societies was the so-called "Taff Vale" decision of the House of Lords in July 1901, which jeopardized not only the funds of the trade-unions but also the whole activity of these organizations. In a decision in an action brought by the Taff Vale Railway Company against the Amalgamated Society of Railway Servants (which was a trade-union registered under the Trade Union Acts), the House of Lords declared that every trade-union registered under these Acts could be sued in its registered name, and that it was responsible for unlawful actions committed by its servants, agents, or others acting by authority of the union. To station pickets, to force workers to take part in a strike, or to boycott an enterprise

* Expressions used by E. R. Pease, *Ibid*, p. 236.

† *Report of the Second Annual Conference of the Committee, 1902.* Appendix II.

LABOUR POLICY

or employer, were declared illegal acts. It was held that the funds of the trade-unions must pay for damages arising out of the activity of the unions.* These regulations certainly restrained very much the activity of the trade-unions and brought them into a state of insecurity. Many trade-unions, which before had relied upon direct action but now feared to be entirely incapacitated, joined the United Labour Party with a view to getting the existing state of the law altered by means of parliamentary influence. Although the Taff Vale decision was opposed by the whole labouring class it was not until 1906 that this judgment was repealed.†

It has been seen that the Labour Representation Conference of 1900, apart from some motions made by Socialist members, held a non-socialist position. The same cannot be said of the Conference of 1901. Here we can trace already certain socialistic tendencies.

The trade-union members of the Conference were divided into two groups, one of which believed it necessary for the Conference to make a clear declaration as to the political purpose of the united Labour movement; the other group, on the contrary, emphasized the principle that each locality should be allowed to determine its own programme. The majority of the Conference favoured the former attitude, considering it necessary to make a declaration of political views in order to give a lead to the politicians in Parliament.

A fact which troubled the Conference particularly was the increasing tendency towards industrial combination and the creation of trusts. The Conference considered that the ownership and control of such vast aggregations of capital by private individuals was disastrous to the welfare of the consuming public; inimical to the social and political freedom of the people, and especially injurious to the industrial liberty and economic conditions of the workers. From this starting-point the Conference went on to declare that the final object of all democratic effort must be to transfer all such private monopolies to public control (as a step towards the creation of an Industrial Commonwealth founded upon the common ownership and control of land and capital) and to substitute co-operative production for use in the place of the present method of competitive production for profit.‡ The initiative in this resolution was taken by Mr. Glasier, a member of the Independent Labour Party, and the resolution was of a truly socialistic spirit. However, it was formulated as invitingly as possible, starting from the danger

* *The Times Law Reports*, Vol. XVII., pp. 698-700.

† A detailed examination of the Taff Vale case is given on pages 301-6.

‡ *Report of the first Annual Conference of the Labour Representation Committee*, 1901, p. 20.

LABOUR REPRESENTATION IN GREAT BRITAIN TO 1907

common to all democracy of the trust-combine, so that the Trade Unionists might be persuaded to support the resolution. This was the first real victory for the Socialists of the United Labour Party.

But when Mr. Quelch of the Social Democratic Federation suggested that no candidate should receive the support of the Labour Representation Committee unless he recognized the principle of class-warfare as the basis of working-class political action, he did not carry the Conference with him. The trade-unions were always unfavourably disposed towards the uncompromising attitude of the Social Democratic Federation, and a climax was reached in August 1901 when the Federation withdrew from the Labour Representation Committee, upon which it was represented by a minority too weak to carry any weight with the powerful majority of trade-union representatives.

The relations between the Committee and the Independent Labour Party were, however, of the best ; and in addition to the above-mentioned resolution the Independent Labour Party succeeded in carrying, at the Conference of 1901, another very important resolution, the object of which was to bring about a change in the system of political representation. Thus the Conference declared the following reforms indispensable to the proper enfranchisement of democracy : adult suffrage, the abolition of all political monopolies, and the payment from public funds of all legitimate election-expenses and of all elected representatives.

From a Party point of view it was certainly highly important that the different Labour and Socialist organizations which formed the Labour Representation Committee should establish some fundamental principles upon which they all agreed. Obviously this would very greatly facilitate the activity of the Committee at a general election, and would help to promote the policy of Labour representatives in Parliament. However, the various resolutions which were passed by the Conferences convened under the auspices of the Labour Representation Committee were clearly intended to formulate and establish the principles of the whole Labour movement. They yield a sort of general idea as to the development of political thought among the British working-classes.

During the first years of its existence the policy of the Labour Representation Committee was somewhat vague and indefinite. This was the natural consequence of its dependence on the Liberal Party, occasioned by the attitude of the affiliated trade-unions. But the trade-unions became gradually more aggressive. The Taff Vale decision contributed to this change. The trade-unions claimed that this decision had deprived them of the legal position they had enjoyed since 1871 when the Trade Union Act was passed. At any

LABOUR POLICY

rate the Taff Vale decision had created quite a new situation, and undoubtedly the whole activity of the trade-unions was endangered by it. Their position was also threatened in another way. In consequence of the increasing concentration of industry owing to trust-combines the resisting power of the separate enterprises against the claims of the trade-unions had been increased very greatly. The fear of loss of power from this cause seems to have been exaggerated, however, as the Free Trade system in England was a guarantee that industrial development would not follow the extreme lines taken in America and Germany. Another factor likely to give greater cohesion to the Labour movement was the opposition offered by the trade-unions to the Government policy of endeavouring to restrain municipal trading, which was in fact the darling child of the unions. Other schemes with the same effect were Mr. Joseph Chamberlain's proposed food-taxes and the introduction of Chinese Labour into the South African mines. The cumulative effect of these circumstances was a closer co-operation between the trade-unions and the Socialists.

It is natural that the success or failure of a political organization like the Labour Representation Committee should depend largely upon its financial position. The financial position of the Committee was originally very weak, but it gradually improved, especially after the Conference of 1904 when payment was made compulsory for all affiliated societies. As early as 1902 the Conference held at Birmingham instructed the Committee to consider ways and means of raising funds to meet the expenses of those candidates who were run under the auspices of the Committee, and also to provide a maintenance-fund for those who might be returned to Parliament. The Committee prepared a scheme for raising these funds, and this was agreed to unanimously by the Conference of 1903. The contributions from the affiliated societies, with the exception of trade-councils, was to be at the rate of one penny per member per annum. This payment was made compulsory in 1904. The amount received in this way exceeded £4,423 in 1904-5. The candidates returned to Parliament were to be paid a maintenance-fee of £200 out of this money, and also 25 per cent. of their election-expenses.

It had become more and more clear to the new Party that the time was ripe for the parliamentary Labour Group to act independently of other political parties, and the Conference of 1903 claimed that, if this course were not adopted, the United Labour movement had no mission. Their policy did not necessarily need to be antagonistic to other political parties, but it had to be carried on outside and independently of them.

To this end the Conference passed the following resolution: "In

view of the fact that the Labour Representation Committee is recruiting adherents from all outside political forces, and also, taking into consideration the basis upon which the Committee was inaugurated, this Conference regards it as being absolutely necessary that the members of the Executive Committee, Members of Parliament and candidates run under the auspices of the Committee, should strictly abstain from identifying themselves with, or promoting the interests of, any section of the Liberal or Conservative Parties; inasmuch as we are to secure the social and economic requirements of the industrial classes, Labour representatives in and out of Parliament will have to shape their own policy and act upon it regardless of other sections in the political world; and that the Executive Committee report to the affiliated associations or bodies any such official acting contrary to the spirit of the constitution as hereby amended."* In accordance with this resolution it was stated particularly, in the so-called constitution of the Committee, that the distinct Labour Group in Parliament should have its own policy on Labour questions, and that its members should abstain strictly from identifying themselves with or promoting the interests of any section of the Liberal or Conservative Parties. Another very important clause, which, at a later date was to cause the Labour movement a great deal of trouble, was inserted in the Party-constitution at this Conference.

According to this clause all Labour Members in Parliament, who had been elected through the agency of the Committee, should pledge themselves to either abide by the decisions of the Labour Group with regard to carrying out the aims of Labour as laid down in the constitution, *or resign*. Further, they should appear before their constituencies under the title of Labour candidates only.†

It may be noted that the caucuses of other political parties have not found it necessary to demand from their members a formal declaration as to their political attitude, but have considered their candidates' sense of moral duty a sufficient guarantee of loyalty to the Party.

We shall see later on, in connection with the Osborne case,‡ that the above clause in the constitution of the Labour Party placed the whole political activity of the trade-unions in jeopardy for some time. It must, however, be remembered under what conditions the above clause came into existence. The united political Labour movement was still in embryo, and in fact the decision that

* *Report of the Third Annual Conference of the Labour Representation Committee*, p. 27.

† *Ibid.*, Appendix I.

‡ *Vide* pp. 223 *seq.*

LABOUR POLICY

the candidates elected by the support of the Labour Representation Committee should, in respect of Labour questions, submit to the control of the Committee, was one of the corner-stones upon which the structure of the political Labour movement was built up. The purpose of the above clause was to create unity in the policy of the Committee and to force the affiliated societies to give it their support.

The Committee soon recognized that the clause as it stood was meaningless unless the Party had some guarantee that it would be acted upon. The Conference of 1904, accordingly, paid particular attention to this question. It was pointed out that, as the constitution stood, a Labour Member of Parliament could, under certain conditions, be requested to resign, but that there was no power by which his resignation could be enforced. The only body which could use its influence so as to obtain the desired result was the executive of the organization to which the offender belonged. It could withdraw his allowance from the organization and thus force him to resign. As this was a matter to be decided by the affiliated organizations, and not by the Committee, the Conference withdrew from the Party-constitution the above stipulation as to resignation.

As already mentioned, the Social Democratic Federation resigned its membership of the Labour Representation Committee in 1901, after the refusal of the Conference to accept the principle of class-warfare. This action did not, however, keep similar proposals from coming before future Conferences. Many of the delegates from the trade-unions and trade-councils were Socialists who freely advocated socialist principles. For instance, at the Conference of 1902 it was proposed that the Labour Representation Committee should support only those candidates who were prepared to assist in the formation of a workers' party, which should accept as fundamental planks in its platform the recognition of class-warfare, and the socialization of all means of production, distribution and exchange, and which should work entirely independently of all political parties. The necessity for passing a resolution which should definitely bind the Parliamentary representatives to a certain policy was emphasized further. The proposal, however, was rejected.* A more cautious motion suggested that the Conference should declare that its *ultimate object* was to obtain for the workers the fair results of their labour by overthrowing the present competitive system of capitalism and instituting a system of public ownership of all the means of production, distribution and exchange. It is significant that this motion was rejected by a very small majority only. The votes were taken by card, and resulted in 291,000 for and 295,000 against the motion.†

* *Report of the Conference*, p. 35.

† *Ibid.*, p. 36.

Three years later the break with tradition was still more marked and the above resolution was adopted. After this point was reached it would be impossible to deny the socialistic tendencies of the Party, even if its immediate aims were less extreme.*

However, the ever-increasing power of the Socialist elements on the Labour Representation Committee began to be viewed with alarm by some trade-union delegates who demanded the exclusion of the Socialist organizations from representation on the Committee. Accordingly they brought a resolution to this effect before the Annual Conference of 1905. The Conference, however, rejected the trade-union proposal. It was pointed out that the Labour Representation Committee was formed as a result of a resolution passed by the Trade Union Congress, and that the success of the movement justified amply the action of the Congress in inviting the co-operation of the Socialist organizations. To limit the membership of the Committee to the trade-union section only would remove from its ranks many who had brought great ability and intelligence to the cause. Instead of the trade-union resolution the Conference passed the above-mentioned socialist resolution.

On the whole it may be said that the movement for independence forced the United Labour movement into the arms of Socialism. At the same time, however, it prevented many trade-unions becoming affiliated to the Labour Representation Committee which would have joined the Party on a trade-union platform.

The year 1906 was one of the greatest in the history of the political Labour movement. After a long period of careful preparation the Labour Representation Committee at the beginning of that year had to face a general election under exceedingly favourable conditions, and the result was as might have been expected. When Mr. Balfour's Cabinet resigned at the end of 1905 he commanded a very small majority in the House of Commons, and the result of the next election, by which Sir Henry Campbell-Bannerman became his successor, proved the overwhelming change of the country in favour of the previous Opposition. It was only natural that Labour should profit by this change, especially as the Conservative Government's attitude towards the tariff-question, trade-union law, and unemployment, as well as its policy with regard to Chinese Labour in South Africa, had aroused and united the working-classes.

* That several members of the Committee denied both in Parliament and elsewhere that the Committee had socialistic tendencies seems to prove very little in the light of the above resolution of the majority of the body. On the other hand one can always modify this judgment by saying that the Labour Representation Committee was no class-war body with the spirit of Marxian Socialism.

LABOUR POLICY

In spite of repeated defeats in the House of Commons, and a series of adverse bye-elections, Mr. Balfour continued in office throughout the autumn-session of 1905, and the Opposition had almost given up hope of turning out the Government, when Mr. Balfour suddenly resigned at the beginning of the recess. The immediate reason for this step may have been that Mr. Balfour at that moment counted on the outbreak of dissensions within the Liberal Party on the question of Home Rule for Ireland.* The new Cabinet, in which Labour (though not the Labour Representation Committee) was represented by Mr. John Burns, at once decided to make an appeal to the country, and the new elections took place in January 1906. The Liberals obtained an immense majority. Of the 670 members of the House of Commons 401 were Liberals. The Unionists lost 215 seats. Altogether only 157 Unionists were returned to the House and of them 25 were Liberal Unionists.†

The success for Labour was remarkable: 56 candidates were returned to the House; of these 30‡ were candidates of the Labour Representation Committee, and 20 were Trade Unionist candidates who, together with 6 Liberal Labour Members, formed the Liberal Labour Group.

In February 1906 the Labour Representation Committee adopted the title of *Labour Party*. Of its 30 members in Parliament, 18 were Socialists§ and 12 Trade Unionists. At the election 20 of the Labour Party's candidates were supported by the Parliamentary Committee of the Trade Union Congress, and 4 by the Independent Labour Party.

The Liberal Labour Group had 26 members, of whom 6 were run as Liberals and 20 as Trade Unionists, 13 were supported by the miners' unions and 7 by other trade-unions.|| This Liberal Labour Group had no common organization outside Parliament. It belonged to the Liberal Party but pursued its own policy on industrial questions.

Naturally, the most important of the election-manifestoes was that of the *Labour Representation Committee* which condemned the policy pursued by the Conservative Government mainly for the following reasons:

* Thomas May, *Constitutional History of England*, continued by Francis Holland, London 1912, p. 136.

† Mr. Balfour was defeated at Manchester, but a seat was found for him by the resignation of one of the representatives of the City of London.

‡ Including Mr. J. W. Taylor who, elected through the support of a miners' union, immediately after the election joined the Labour Party.

§ Of these, 17 held the views of the I.L.P. and 1 of the S.D.F.

|| The figures relating to the elections are taken from "The House of Commons in 1906," *Pall Mall Gazette*, Extra number, 1906, and *Reformer's Year Book*, 1907.

That the trade-unions were refused the liberty enjoyed by Capital.

That the aged poor were neglected.

That the slums remained, and overcrowding continued.

That shop-keepers and traders were overburdened with rates and taxes, whilst the increasing land-values benefited people who had not earned them.

That when the unemployed asked for work the Government gave them a worthless Act.

That underfed school-children continued to be neglected.

That Chinese Labour was defended because it enriched the mine-owners.

That Protection was no remedy for poverty and unemployment.

The *Independent Labour Party* objected to the position of the House of Lords in Parliament and to property-qualifications, but declared in favour of women's suffrage. The Party was opposed also to the existence of slums, private liquor-traffic, denominational education, and the capitalist press.

The *Social Democratic Federation* advocated the following points :

1. State-maintenance of children. (It had been recognized that children were entitled to free education. It followed that their maintenance during school life was necessary, so that they might benefit fully from their education, and grow up strong and capable citizens.)

2. Organization of the unemployed. (Charity was worse than useless. Emigration had proved futile. The Poor-Law was harmful and cruel.)

3. Pensions for the aged and incapacitated instead of workhouse pauperization (which proceeded upon the assumption that poverty was a crime).

A very important manifesto was that of the *Parliamentary Committee of the Trade Union Congress*. It recommended legislation on the following points :

The principles embodied in the Trade Disputes Bill.

An Amendment of the Compensation Act giving to all workers in every trade compensation dating from the occurrence of the particular accident.

An Amendment of the Truck Act so as to prevent any sort of stoppage from wages.

An Amendment of the Unemployed Act aiming at the provision of employment (at trade-union rates) for those unable to obtain work.

Extension of the Housing of the Working Classes Act.

Abolition of indentured Chinese Labour in South Africa.

LABOUR POLICY

Establishment of a State Pension Fund for people over 60 years of age.

Adult suffrage.

Returning officers' fees to be a charge upon the National Exchequer.

Establishment of an eight hours' working-day.

The success of Labour at the polls gave a shock to the traditional parliamentary system, with its two well-defined great parties balanced by the Irish Nationalist Group. This system was now, if not broken up, at least modified greatly by the creation of the Labour Party, the increasing strength of which, as we know by recent experience, has gradually brought the two old parties together.

At this time the political machinery of the older parties was much more effective and in better working-order than that of Labour. As a matter of fact both the Executive* of the Labour Party and the Parliamentary Committee of the Trade Union Congress fulfilled the function of a caucus, the former for the Labour Party only, the latter for both the Labour Party and the Liberal Labour Group. It has often been stated that there ought not to be, and was not, any rivalry between these two bodies, but a study of the resolutions moved by Trade Unionists at the Trade Union Congress and at the Conference of the Labour Party shows that such rivalry did in fact exist.

Both the Executive of the Labour Party and the Parliamentary Committee of the Trade Union Congress exercised a very firm control over their respective representatives in Parliament. To secure party-discipline they brought financial pressure to bear, much in the same way as the old parties but with greater effect. The annual salary of £200† granted to their representatives in Parliament was only paid on condition of the *bona fide* activity of these representatives. This means was undoubtedly more effective against the Labour Members, who were generally men of little or no private means, than against the wealthy and more independent members of other parties.

It has been noticed already that no one could be a candidate of the Labour Party unless he was in the first instance nominated by an affiliated society, and unless he signed a declaration accepting the constitution of the Party and binding himself to abide by the decisions of the Executive in carrying out its aims. In point of fact the future policy of a Labour candidate was guaranteed more securely by the fact that he must obtain nomination than by the declaration

* Also called National Executive, or Executive Committee.

† The Labour Representation Committee paid this amount after 1904.

required of him. The former stipulation, however, was no guarantee for an *independent* policy, which was the object of the latter. But to this end the establishment of a political programme, or at least of some independent political principles, was absolutely indispensable. Failing this, the most that could be attained would be the pursuit by each candidate of his own policy, in accordance with the policy of that particular society by which he had been nominated. At the Conference of the Labour Party in 1906 it was proposed that the Executive should formulate a programme to be adopted by candidates running under its auspices. It was suggested also that the Party should adopt the programme of the Trade Union Congress. Both proposals were rejected, for the Conference was afraid of the divergence of opinion this programme might provoke among the Party Members in the House of Commons.*

The next Annual Conference carried the following resolution: "That resolutions instructing the Parliamentary Party as to their action in the House of Commons be taken as opinions of the Conference, on the understanding that the time and method of giving effect to these instructions be left to the Party in the House, in conjunction with the National Executive."† This resolution was wanted by the Party in Parliament, which wished to safeguard itself against the criticism that was sometimes heard, namely that the members of the Party displayed favouritism by bringing forward some of the resolutions carried by the Conference and leaving others unnoticed.

But even after passing this resolution the Labour Members in Parliament were not bound to restrict their policy to the principles laid down in the resolutions of the Conference, and in reality they could not do so if the opinion of their own society, as was often the case, differed from that of the Conference. Therefore a really independent policy, uniform for the whole Labour Party, could not be carried out even though the Party resolutions were considered as the official opinion of the Party.

However, the other caucus, the Parliamentary Committee of the Trade Union Congress, was calculated to bring about a greater uniformity in the policy of Labour, and also to bring the Liberal Labour Group under the same banner. Most of the candidates of the Labour Party were supported by the Parliamentary Committee, and a necessary condition of this support was a signed undertaking to act in accordance with the above-mentioned manifesto of the Committee. Most of the Labour Members in Parliament were in this way bound to a certain policy.

* *Report of the Conference of 1906*, p. 53.

† *Report of the Conference of 1907*, p. 49.

LABOUR POLICY

In this connection a few words must be said about another body which also took an active part in the election-campaign of 1906, namely the Management Committee of the General Federation of Trade Unions. This body was founded in 1899, on the initiative of the Trade Union Congress, for the purpose of establishing some sort of re-insurance against the heavy financial burdens falling upon the trade-unions during times of industrial unrest. Thus the Federation was originally a mere insurance-association, but by its affiliation to the International Trade Union Federation it soon began to take interest in International Labour policy, and also to claim a certain political standing even in the British Labour movement.

The Management Committee of the Federation co-operated with the Labour Representation Committee and the Parliamentary Committee during the general election campaign. On February 16th 1905 these three Committees held a Conference in Caxton Hall, Westminster, in order to consider the ways in which they could co-operate in promoting the common political interests of Labour. The Conference came to the following agreement :

All candidates adopted by the Labour Representation Committee should receive the loyal and hearty support of all sections of organized Labour.

All Labour and Trade Union candidates approved by the Parliamentary Committee, in accordance with the standing orders of the Trade Union Congress, should receive the support of the Labour Representation Committee in so far as its constitution allowed.

Members of the Labour Representation Committee should not be considered disloyal if they refused to support any Labour candidate adopted on any party platform except that of Labour. Further, the candidates approved by the three Committees represented at the Conference should not oppose each other.

The Labour Representation Committee should make it clear that its national constitution did not require abstention from voting on the part of electors in constituencies where no Labour candidate was running.

In May of the same year a Conference was held in the House of Commons by representatives of the three Committees. This Conference recommended that, in order to prevent "overlapping," the three secretaries of the Committees represented should confer more frequently on all matters relating to political resolutions, and political actions in Parliament. It was suggested also that the offices of the three Committees should be in the same building, and that a National Labour Advisory Board, to consist of three members together with the secretaries of each of the three Committees, should

LABOUR REPRESENTATION IN GREAT BRITAIN TO 1907

be formed.* This Board was actually established, and held its first meeting in November 1905.†

The powerful influence of the Parliamentary Committee of the Trade Union Congress upon the other Labour organizations explains why the complex caucus-system, which has been described above, could exist and work.

* *Report of the Executive of the Labour Party 1905-6, Report of the Labour Party 1906*, p. 13-14.

† It was usually called the Joint Board.

CHAPTER XV

LEGAL POSITION OF THE BRITISH TRADE-UNIONS WITH REGARD TO PARLIAMENTARY ACTION

THERE were two highly important judicial cases affecting the development of the Labour movement in England which usually are examined together, namely the *Taff Vale Decision* and the *Osborne Judgment*. Both these cases relate to and affect the legal position of the trade-unions. Here we prefer not to examine the two cases together, but to study the Taff Vale decision (the object of which was to regulate certain conditions during trade-disputes) in connection with other legal questions relating to trade-disputes, and to study the Osborne judgment in connection with Labour representation. This latter judgment aimed at restricting the political activity of the trade-unions and consequently was bound to play a great part in the development of Labour representation.

In 1905 the decision of the Chief Registrar of Friendly Societies not to accept *Labour representation* as one of the objects of the trade-unions raised the question of Labour representation as part of the activities of the trade-unions. When examining the rules of the Union of Patternmakers, in which Labour representation was placed among the objects of the Union, the Registrar had drawn his pen through the words "Labour representation." On making inquiries among certain trade-unions the patternmakers found that the words objected to were allowed to remain in the rules of these unions. The explanation was that these unions had been more cautious in formulating their rules, and had placed Labour representation among the *methods*, instead of among the *objects*, of their activity. By the Trade Union Acts of 1871* and 1876* a "trade-union" was defined as a union "for regulating the relations between workmen and masters, or between workmen and workmen, or between masters and masters, or for imposing restrictive conditions on the conduct of any trade or business."† The Registrar made it clear that a trade-union was not entitled to include "Labour representation" among its objects, as this was not covered by the above definition; but, as there was no Act of Parliament which

* 34 and 35 Victoria, ch. 31; and 39 and 40 Victoria, ch. 36.

† *Op. Report of the Labour Party* 1906, pp. 44-5.

LEGAL POSITION—PARLIAMENTARY ACTION

prevented trade-unions adopting certain methods which they considered suitable for securing the ends defined in the Trade Union Acts, he did not object to the inclusion of a clause stating "Labour representation" to be one of the methods by which the ends of the trade-unions should be attained. Accordingly the rules of the Boilermakers' Union, after being revised by the Registrar, contained a clause to the effect that the object of the Union was, amongst other things, to obtain the best possible conditions of labour, and to attain this object by establishing a fund for Party representation !*

The attitude of the Chief Registrar of Friendly Societies was in no way opposed to the idea of promoting Labour representation by trade-union activity, and he even accepted as legally permissible the establishment of funds for this particular purpose. But, nevertheless, the question of Labour representation in connection with trade-unions was a very delicate one, and the mere fact that public attention was drawn to it caused much perturbation in the Labour Party. Undoubtedly the legal right of trade-unions to establish funds for promoting Labour representation was questionable, and the following resolution of the Labour Party in 1906 was probably due in great part to the fear that this question would become acute. The resolution ran : " In view of continued adverse decisions of the Law Courts affecting trade-unions, and the recent action of the Chief Registrar in relation to rules affecting Labour representation, this Conference hereby instructs its Labour M.P.'s. to draft and introduce into the House of Commons, as early as possible, a Trade Union Amendment and Consolidation Bill, defining the position of trade-unions in the clearest possible terms."† Mr. Simeon Webb, who moved the resolution, declared that, after a certain interpre-

* The model rule for trade-unions, sanctioned by the Chief Registrar, was worded as follows :

" The object of this society is to regulate the relations between working men and employers, and between working men and working men in the trade ; to relieve its members when unemployed ; to create benefits for sickness, accidents and superannuation ; to bury its dead ; and to these ends it adopts the following methods :

a. The establishing of a fund or funds. b. The giving of legal assistance in connection with any, or all, of the above objects within the limits allowed by the law. c. The securing of assistance and the securing of legislation for the protection of trade interests, and for the general and material welfare of its members. d. The adoption of any legal method which may be decided to be advisable in the general interests of members as declared by the majority voting by ballot.

For the purpose of promoting these objects and making these methods effective, the society may aid and join with other trades, or other societies, or federations of societies, having for their objects, or one of them, the promotion of the interests of working men within the scope of the Trade Union Acts."

† *Report of the Labour Party*, 1906, p. 55.

LABOUR POLICY

tation of the law had been allowed for 25 years, it was a burning shame that for the last five years the judges of the country should have been continually exploding their judicial bombshells in the trade-union camp. Mr. Webb overlooked the fact that the real cause of this was not a change in the interpretation of the law relating to trade-unions, but simply a change in the activity of these unions; this made it necessary that the law should either be applied more severely or be brought into closer conformity with the new conditions.

In 1908 the question whether it were lawful for a trade-union to engage in political action and to establish funds for the purpose, was raised by an action brought by Mr. W. V. Osborne against the Amalgamated Society of Railway Servants. Mr. Osborne, who was the secretary of a branch of the Society, asked for a declaration of the Chancery Court that a rule of the Society was *ultra vires*; this rule authorized a compulsory levy on all members in order to provide money for parliamentary representation, with an amendment that all candidates should accept the conditions of the Labour Party. The immediate reason why the action was brought was that the compulsory levy forced some Trade Unionists to pay for the return of candidates whose political views they did not accept. In consequence of an earlier decision in a similar case by the King's Bench Division,* the court decided that such a rule was not *ultra vires*, and the action failed. Mr. Justice Neville, who led the proceedings, remarked that, as the trade-unions were given the right to spend their money to promote their interests in the House of Commons, he considered that the question how they spent it was purely a matter of policy with which the courts could not concern themselves.† Mr. Osborne, however, carried the case to the Court of Appeal, which reversed the decision of the lower court. Finally the Society appealed to the House of Lords, where, on Dec. 21st 1909, the following decision was given: "It is not within the powers of a trade-union registered under the Trade Union Acts of 1871 and 1876, either by its original objects or by amendments of its rules, to provide for the maintenance of parliamentary representation *by means of a compulsory levy on its members*.‡ An agreement by which a Member of Parliament agrees always to vote in a prescribed manner in consideration of certain payments towards his election expenses and support is void as being against public policy."*

We shall not enter here into a more detailed examination of the

* *Steele v. South Wales Miners' Federation*, 96 *Law Times Reports*, 260.

† A. W. Humphrey, *Labour Representation in England*, London 1912, pp. 177-8.

‡ The italics are mine.

§ This last point per Lord Shaw, 101 *Law Times Reports* 787.

LEGAL POSITION—PARLIAMENTARY ACTION

arguments upon which this judgment was based. It is necessary, however, to notice a few points, explaining what the Lords' decision in reality implied.

It has often been pointed out as a peculiar fact that there was no real unanimity among the five judges who gave the decision, so that in no single one of the different grounds upon which the decision was given did all the judges concur. This circumstance, however, was only a natural consequence of the confusion of ideas present in the documents upon which an opinion in the case had to be formed. The Trade Union Acts of 1871 and 1876, the rules of the appellant Society, and the so-called Constitution of the Labour Party, were no masterpieces of logical acuteness. The points in these documents to which most attention was drawn were :

1. The definition of the term "trade-union" according to the Acts (*cf.* p. 218) ;
2. The rules of the appellant Society which provided (*a*) that all candidates should sign and respect the conditions of the Labour Party, and be subject to their Whip, and (*b*) that compulsory contributions should be paid for political purposes ;
3. The clause in the constitution of the Labour Party stipulating that candidates and members should accept the constitution and agree to abide by the decision of the Parliamentary Party in promoting the aims of this constitution.

The questions the court had to consider were, firstly, whether points 2 and 3 were in disagreement with point 1 ; and, secondly, whether they were opposed to the fundamental principles of public policy. The first was a question of *civil law*, and the second of *constitutional law*.

THE QUESTION OF CIVIL LAW

In February 1910 the Labour Party held a special Conference on the Osborne judgment. Mr. Shackleton, who was the chairman of the Conference, argued that the decision was so wide in its scope that any political action—even deputations to Ministers—was seriously endangered.*

Professor Geldart went still further, and declared that the limitations imposed on trade-unions by the Osborne judgment not only debarred them from political action, but prohibited them from pursuing any purposes not authorized by the Trade Union Acts, i.e. in reality, any purposes other than the conduct of trade-disputes and the provision of benefits for members. In particular, therefore, he considered it doubtful whether trade-unions could lawfully continue the contributions which they had made during recent years to the

* *Report of the Labour Party 1910*, p. 101.

LABOUR POLICY

Higher Education of the working-classes. In the opinion of Professor Geldart the trade-unions could therefore ask with fairness for legislation to relieve them from these general restrictions.*

If we consider carefully the wording of the Osborne judgment it seems that these conclusions go a little too far. As a matter of fact the judgment declared illegal only those political actions of a trade-union which were made possible by a compulsory levy on its members. By their decision the Lords did not deny the right of the trade-unions to political activity in carrying out their aims as defined by the Trade Union Acts. What they objected to was that the trade-unions, by compulsory levies for purely political purposes, should be changed into political institutions, whilst enjoying their privileges as trade-unions on account of their character as purely economic institutions. Obviously, the point which constituted a violation of the law was the compulsory character of the levies, so that trade-union members who did not regard Labour representation as a means of promoting indirectly the objects of their union were compelled nevertheless to contribute to its political fund. But there was nothing in the judgment of the Lords which made it illegal to send deputations to Ministers or to pay contributions towards the Higher Education of the working-classes. Such actions, it is true, were not authorized specifically, but this was no reason why they should be considered unlawful so long as they promoted directly or indirectly the statutory objects of the unions.† The members of the different courts which had to consider the Osborne case, were not all of the same opinion as to the question whether the civil side of the judgment should apply to all trade-unions or only to the unions which were registered under the Trade Union Acts. A preponderant majority of the judges, however, declared themselves in favour of the second view.

THE QUESTION OF CONSTITUTIONAL LAW

The two fundamental principles of public policy which, it was said, were violated by the above rules of the Amalgamated Society of Railway Servants and by the constitution of the Labour Party, were, firstly, the principle of freedom of electors, and, secondly, the principle of freedom of the elected.

As to the first principle, this was obviously violated by the compulsory levies on members of trade-unions for political purposes. Even if members of a trade-union disapproved entirely of the policy

* W. M. Geldart, *The Osborne Judgment and After*, Manchester 1910, p. 45.

† Only the statement of Lord MacNaghten was contrary to this opinion. *Vide* A. Greenwood, *The Law relating to Trade Unions*, London 1911, pp. 191-2.

LEGAL POSITION—PARLIAMENTARY ACTION

of the political party to which the candidates supported by their unions belonged, they were compelled to contribute to the election of these candidates. This could not be regarded as compatible with the principle of freedom of electors.

Against these arguments the objection, perhaps, could be raised that trade-unions are absolutely voluntary organizations, so that a man has free choice whether he will join it and accept its political views, or not. This objection does not hold good, however, because the economic advantages of a trade-union are so great that, if they do not force, they at least induce a man to join such a union, causing him to sacrifice his political liberty to his economic interest. On the other hand, a workman who will not give up his political liberty for economic advantages, and who, therefore, does not join a trade-union, is deprived of the economic advantages of that union which are promoted by the Trade Union Acts in the interest of all labourers without regard to their political views.

The second principle, freedom of the elected, was violated by the rules of the appellant Society which provided that all candidates whom the Society supported should sign and observe the conditions of the Labour Party, should obey its Whip, and should be generally responsible to the Society for their political actions. The second principle was violated also by the clause which forced on parliamentary Members and candidates not only the acceptance of the Party constitution, but also the decisions of the Parliamentary Party in carrying out the aims of the constitution. That this clause restricted the political freedom of the Members of the Party in Parliament seems to be beyond doubt, but the conclusion that these Members were entirely subject to the Executive, as regarded their policy, is open to certain objections.

Lord Shaw remarked that amongst the aims of the constitution of the Labour Party must be included its first object, namely, the maintenance of the Parliamentary Party's own policy. If the Party Members in Parliament were bound to the constitution, they must consequently be bound to the policy they had to pursue. Should the view of such Members, continued Lord Shaw, "as to right or wrong on a public issue, as to the true line of service to the realm, as to the real interests of the constituency which has elected him, or even of the society which pays him, differ from the decision of the Parliamentary Party, and the maintenance by it of its policy, he has come under a contract to place his vote and action into subjection, not to his own convictions, but to their decisions."* Lord Shaw's conclusions were founded correctly upon the argument that the Labour Members in Parliament were formally bound to

* *The Law Times Reports*, Vol. 101, p. 794.

LABOUR POLICY

adopt the policy of the Labour Party. But the wording of the constitution was somewhat confused, and seems to have given rise to general misinterpretation which was confirmed by a resolution of the Conference of the Labour Party. According to Clause II of the constitution one of the objects of the Federation of trade-unions, trade-councils, and other organizations forming the Labour Party, was to maintain a Parliamentary Labour Party, with a policy of its own. In Clause III it was stipulated that the parliamentary Members of the Party should agree to abide by the decisions of the Parliamentary Party in carrying out the aims of the *constitution*.* As a matter of fact the reason why the wording did not run "in carrying out the policy of the Parliamentary Party" was simply that the Conference of the Labour Party would not lay down definite lines of policy, as it was afraid of causing thereby dissension between the Members, who belonged to different societies with different opinion.†

In the case of the Amalgamated Society of Railway Servants v. Osborne, the situation was more serious, because this Society had surrendered its right to independent influence over its Members in Parliament. All its candidates were compelled to sign their submission to the Whip of the Labour Party. To insert such a clause in its rules was undoubtedly a bad blunder on the part of the Society. This point was, as Lord Shaw remarked, "fundamentally illegal." "A Member of Parliament," he said, "is not to be the paid mandatory of any man, or organization of men, nor is he entitled to bind himself to subordinate his opinions on public questions to others, for wages, or at the peril of pecuniary loss; and any contract of this character would not be recognized by a court of law, either for its enforcement or in respect of its breach." "Any other view," he said, "of the fundamental principles of our law in this respect, would, to my mind, leave it open to any body of men of sufficient wealth or influence to acquire contractually the power to exercise that authority to govern the nation which the law compels individuals to surrender only to representatives—that is to men who accept the obligations and the responsibility of the trust towards the public implied by that position."‡

Thus the Osborne judgment made it clear that the rules of the Amalgamated Society of Railway Servants were unlawful both from

* One of which was a "policy of its own."

† That the members of the Labour Party did not consider themselves bound to their policy by the Party view has also been proved by actual facts. This was pointed out by Mr. Shackleton in the House of Commons. "The House must know," he said, "that on the education-question several of our Members voted against the view of the Party on every occasion, and we all know too, that they have done so on great national questions." *The Parliamentary Debates* 1910, Vol. III., p. 135-7.

‡ 101 *Law Times Reports*, pp. 795-6.

LEGAL POSITION—PARLIAMENTARY ACTION

the standpoint of civil law and from a constitutional point of view. The result of the decision was twofold ; on the one hand, a storm of indignation from the labouring class, followed by bitter attacks on the House of Lords in particular and on the law of the country in general ; and, on the other, the institution of legal proceedings against several trade-unions.

In connection with the Annual Conference of the Labour Party in 1910, a special Conference was summoned for the express purpose of examining the influence and effect of the Osborne judgment on Labour representation. The outcome of this Conference was not very important. By a resolution moved by Mr. Keir Hardie the Conference declared itself in favour of an alteration in the definitions of a trade-union as given by the House of Lords in the Osborne case, so that unions might engage in the political activities they had pursued from 1868 up to the present time, provided their members agreed, and that such activities were specified in the unions' rules as part of their declared objects.* As a matter of fact the members of the Conference injured themselves thereby, because they accepted the fact that the Osborne decision would apply to the political activity of trade-unions in general, while in reality it was only directed against the maintenance of parliamentary representation by means of a compulsory levy, and against the wording of the rules of a particular trade-union.

The Conference of the Labour Party in 1911, however, had a better grasp of the situation. This Conference was willing to remove from the constitution of the Party the confused clauses which had caused so much trouble. It was pointed out by one of the Party officials that if the delegates examined carefully the old constitution they would see that in some essential respects it was greatly confused. The first amendment this official proposed was in favour of a change in the formulation of the Party objects. The old clause stating the objects of the Party† was entirely deleted and the following substituted : "To organize and maintain in Parliament and the country a political Labour Party." This amendment was carried.‡

Another important amendment to the constitution was moved on behalf of the Executive. This proposed to delete the clause which, by requiring that the Members of the Party in Parliament should declare that they would agree to and abide by the decisions of the Parliamentary Party in carrying out the aims of the constitution, had deprived them of liberty of action. It has been shown above

* *Report of the Conference*, p. 103.

† This clause ran as follows : "To secure the election of candidates to Parliament and organize and maintain a parliamentary Labour Party, with its own Whips and policy."

‡ *Report of the Conference*, p. 78.

LABOUR POLICY

that this stipulation was made ambiguous by the old clause defining the object of the Party. Now, when this point was removed, the clause with regard to control over Members in Parliament was made clearer, and would have meant, had it remained, that the members of the Party had not the right to act against its constitution. It was removed, however, and for it was substituted the following : more adequate provisions : " Candidates and Members must maintain this Constitution ; and accept the responsibilities established by parliamentary practice."* The Executive affirmed in support of this alteration that the Party had reached a point when its policy and political position were understood so well that the conduct of Labour Members would be influenced by the Party as much as Liberals or Conservatives were influenced by the policy or position of their respective Parties. The Executive emphasized the fact that it would be just as disloyal for Members to identify themselves with other political Parties after the above-mentioned amendments were carried as it was before. " What we desire," said the Executive, " is to put our Party on precisely the same footing as the Liberal Party and the Tory Party, and to expect our men, as they expect their men, either to be loyal to their organization or to leave it altogether."

On April 13th 1910, Mr. J. W. Taylor moved the following resolution in the House of Commons : " That, in the opinion of this House, the right to send representatives to Parliament and to municipal administrative bodies, and to make financial provision for their election and maintenance, enjoyed by trade-unions for over forty years, and taken from them by the decision in the case of *Osborne v. Amalgamated Society of Railway Servants*, should be restored†." The resolution gave rise to a long and interesting debate. The Attorney-General, Sir W. Robson, pointed out that the unfavourable position of the labouring classes with regard to representation, arising from their relatively small financial resources, would be ameliorated by the State-payment of Members, and he recommended legislation to this end. Mr. Shackleton, however, argued that this would not help the workers out of their difficult position. He wanted the House to understand clearly the degree of helplessness to which the working-classes would be reduced if the *Osborne* decision were not removed. It was not enough that the Members should be paid for their services by the State. If the Labour Party were deprived of the right to pay the election-expenses of its candidates they would never be returned to Parliament.‡ The resolution was rejected.

* *Ibid*, p. 22.

† *The Parliamentary Debates* 1910, vol. III, col. 1322.

‡ *Ibid*, col. 1354-6.

LEGAL POSITION—PARLIAMENTARY ACTION

In November 1910 the Prime Minister, Mr. Asquith, promised to introduce legislation empowering trade-unions to include in their objects and organization the provision of a fund for parliamentary and municipal action and representation and kindred objects, and to combine for such purposes, provided that the opinion of each union was effectively ascertained, and that there was no compulsion upon any member to contribute to this fund.* It was not until 1913 that this promise was redeemed by the passing of the Trade Union Act. Meanwhile a great many trade-unions were brought into court; by the beginning of 1912 injunctions had been issued against no less than 27 unions, restraining them from using their compulsory levies for political purposes. The injunctions, issued before the Appropriation Act had come into force, naturally affected the financial position of the majority of the Members of the Labour Party, who were no longer entitled legally to receive a salary from the funds of these unions. The Executive, however, decided that a maintenance-allowance should continue to be paid to all Members of the Labour Party.

The delay in arriving at a settlement of the Osborne question was due partly to the Labour Party itself. In May 1911 the Government introduced a Trade Union Bill which, in the words of the Executive Committee, "was full of anomalies and absurdities†." The Bill could never be adequately discussed by any of the Committees of the House of Commons which were occupied too fully at the time, and at the proposal of the Labour Party it was quietly dropped. The Appropriation Act of 1911,‡ however, provided for payment of salaries to all Members of the House of Commons, and thus afforded some relief to Labour Members.

The second reading of the new Trade Union Bill was secured in August 1912. The Bill was sent afterwards to the Standing Committee C, on which the Labour Party was represented by five Members who made every possible effort to bring the Bill into harmony

* *Report of the Labour Party 1910*, p. 26.

† *Report of the Executive to the Conference of the Labour Party 1912*, p. 3. At a Conference of the Joint Board the following resolution was carried: "That the Conference reaffirms previous decisions of Labour and trade-union national Conferences that political action is an essential part of the activities of every combination of Labour whose statutory purpose is to regulate the relations between employer and employed, and that therefore the question of, whether this particular activity is to be engaged in or not, ought in equity to be settled, as other questions are settled, by a majority of the members voting according to the rules of the union. The Conference therefore regards as unjust the limiting provisions of the Government Trade Union Bill, and asks the Labour Party in Parliament to do its utmost to get them removed; it recommends the Labour Members of Parliament not to support the Third Reading of the Bill unless it is drastically amended." *Ibid.*, p. 7.

‡ 1-2 George V., ch. 15.

LABOUR POLICY

with the demands of Labour. The Executive considered the Bill in the form in which it was reported to the House, in collaboration with the Parliamentary Party, and then convened a special National Conference to decide what action the latter should take with regard to it. The Conference met in January 1913, and passed a resolution in favour of accepting the Bill. In the following March the Bill became an Act of Parliament.*

In considering the provisions of this Act it is convenient to follow the same classification into *civil law* and *constitutional law* as we adopted when examining the Osborne case.

In respect of civil law the definition of a trade-union, was altered by the Act. Thus it was declared that the expression "trade-union," for the purpose of the Trade Union Acts, meant any combination, the *principal* objects of which were the objects defined in the Trade Union Act of 1876† "and also the provision of benefits to members," provided always that any combine which was for the time being registered as a trade-union should be held by the Registrar of Friendly Societies to be a trade-union. The Registrar was also authorized to give a certificate to any unregistered trade-union, entitling it to be considered as a trade-union under the Act, if the union fulfilled the above conditions. The stipulation of the Act with regard to the definition of a trade-union secured legally to trade-unions a wider field of activity than had been granted them previously. It was provided that any trade-union in the meaning of the Act should have the power to apply its funds to any lawful objects or purposes (those of a political character, under certain conditions only) which were authorized for the time being under its constitution. Undoubtedly the provisions with regard to registration gave the Registrar very great power. In fact he had become, as Professor Geldart pointed out, a sort of quasi-judicial authority.‡ Even if

* 2-3 George V., ch. 30.

† These objects were called the "statutory objects" of the trade-unions. "The inclusion of benefits for members as part of the *definition* of a trade-union seems," says Professor Geldart, "due to a confusion of thought, or, if it is intended to reproduce a principle underlying the decision in the Osborne case, to a misunderstanding. . . . Does the Act mean that in order to qualify as a trade-union a combination must include among its principal objects both trade regulation and the provision of benefits? On the whole it seems better to hold that this is what the Act means, since to hold that it is sufficient if the principal objects consist of either class of statutory objects would produce the result that every benefit society is a trade-union." As a matter of fact this latter interpretation seems hardly possible with regard to the wording of the Act, but it must be remembered that before the passing of the Act, different kinds of benefit-societies had not infrequently been regarded as trade-unions by the courts of law. Cp. W. M. Geldart, *The Present Law of Trade Disputes and Trade Unions*, Oxford University Press, 1914, p. 48.

‡ W. M. Geldart, *Ibid.*, p. 50.

LEGAL POSITION—PARLIAMENTARY ACTION

such a state of things involved a risk that the decisions with regard to the trade-unions would be dependent on the personal judgment of one official, it must be considered as an advantage that they were placed in the hands of a man having special knowledge and experience in such matters and not in the hands of judges without these qualifications.

By far the most important provisions of the Act were those concerning the political position of the trade-unions. The right of the trade-unions to use their funds for political purposes was recognized by the Act, but at the same time this use was restricted in several ways. Thus the funds of a trade-union were not to be applied to further a certain political object unless this had been approved as an object of the union by a resolution, at the time being in force, passed by a secret ballot of the members of the union. Payments in furtherance of such object were to be made out of a separate political fund. Any member had the right of exemption from contributing to such a fund if he so desired, and the union could not exclude him from any of its benefits, or place him in any respect under any disability as compared with other members of the union, on account of his non-contribution. Further, the contribution to the political fund of the union was not to be made a condition of admittance to the union.

These provisions of the Act refer to the furtherance of the following political objects : (a) Election to Parliament or to any public office. (b) Holding of meetings, or distribution of literature or documents in support of candidates in an election. (c) Maintenance of any person elected to Parliament or to any public office. (d) Registration of electors, or selection of a candidate for Parliament or for any public office*. (e) Holding of political meetings of any kind, or distribution of political literature or political documents of any kind, unless the main purpose of these acts is the furtherance of the "statutory objects" within the meaning of the Act.

The last clause (e), which is undoubtedly of high importance, is not very clear, and gives the tribunals great freedom in its interpretation. To express the thought which lies at the root of it in a perfectly unambiguous manner is almost impossible, in consequence of the qualifying words "political" and "main."† Both these terms are necessary in the context and neither of them is explained satisfactorily in the Act.

* The expression "public office" means the office of member of any county, county-borough, district, or parish council, or board of guardians, or of any public body which has power to raise money, either directly or indirectly, by means of a rate.

† *Cp. H. Cohen, Trade Union Law, London 1913, p. 135.*

The Trade Union Act of 1913 represented the final settlement of the series of controversies consequent upon the Osborne judgment. Most of the Act is to be regarded as an interpretation of the older Trade Union Acts with the help of the Osborne judgment, and also as an interpretation of this same judgment. The new provisions of the Act, i.e. those with regard to registration and certification, have not met with the approval of law-critics. Thus, for instance, Professor Geldart has described them as "largely or wholly unnecessary, exceedingly elaborate, and likely to raise difficulties greater than those which they are intended to solve*."

In accordance with the stipulation of the Act the trade-unions balloted their members on the question of political action. The result was (up to the end of May 1914) 678,063 votes for, and 407,356 against, political action.† This result was important for it showed that actually more than one third of the total number of votes were against political action, and it is at least probable that an equal percentage of trade-union members (before the injunctions consequent upon the Osborne judgment were issued) had been forced against their will to contribute to the political activity of the unions. Since the passing of the Act the trade-unions as well as the Labour Party have modified their constitution in accordance with the provisions of the Act.

It is necessary for the sake of lucidity to sum up here the principal results of the struggle which arose from the action of Mr. Osborne against his trade-union in 1909, and which ended in the passing of the Trade Union Act in 1913. Thus we have to compare (I) The situation before the Osborne judgment, having regard to unlawful actions which were actually tolerated at the time. (II) The situation created by the Osborne judgment, considering both actions which were declared unlawful, and actions which were not actually unlawful, but which were sometimes held by public opinion to be unlawful in the light of the judgment. (III) The situation after the change in the constitution of the Labour Party. (IV) The final settlement according to the Trade Union Act, 1913.

I. *Situation before the Osborne Judgment*: Tolerated actions—(i) *Unlawful* from point of view of *civil law*. (a) Compulsory levy for political purposes on members of trade-unions. (b) Political and other actions of trade-unions not directly or indirectly promoting their statutory objects as established by the Trade Union Act, 1876. (ii) *Unlawful* from *constitutional* point of view. (a) Certain stipu-

* *The Present Law of Trade Disputes and Trade Unions*, p. 61.

† Figures quoted by M. Beer, *History of British Socialism*, London 1920, p. 343.

LEGAL POSITION—PARLIAMENTARY ACTION

lations in the "constitution" of the Labour Party. (b) Certain clauses in the rules of trade-unions. (c) Compulsory levy for political purposes on members of trade-unions.

II. *Situation created by the Osborne judgment*: A. By the judgment were forbidden: All of the above-mentioned unlawful actions and stipulations. Point (i) (a) was forbidden because such actions compelled trade-union members, who did not accept Labour representation as a measure which promoted indirectly the aims of their union, to contribute to the political funds of the union. Point (i) (b) was prohibited because such actions were not in agreement with the definition of a trade-union as laid down by the Trade Union Act of 1876. Point (ii) (a) and point (ii) (b) because these stipulations interfered with the freedom of the *elected*. Point (ii) (c) because such actions interfered with the freedom of the *electors*, the principle of which was laid down by Magna Charta. B. By public opinion and some tribunals actions which promoted only indirectly the statutory objects of the trade-unions were sometimes considered unlawful and were therefore not tolerated. In practice the law was uncertain with regard to these points.

III. *Situation after the change in the constitution of the Labour Party*: Point (ii) (a) was corrected in accordance with the Osborne judgment.

IV. *Final situation after the passing of the Trade Union Act, 1913*: The above-mentioned actions and stipulations, which *de jure* were unlawful but which *de facto* had been tolerated before the Osborne judgment, were once more declared unlawful, the judgment thus being affirmed. Actions which were lawful, but with regard to which public opinion and the opinion of the law courts, after the Osborne judgment, proved to be uncertain, were declared lawful. As a safeguard the definition of the expression "trade-union" was modified somewhat, and provisions were made as to the registration and certification of trade-unions, as well as for the balloting of trade-union members on the question of political action. Apart from certain instances of confusion of ideas, which may give rise to new disputes in the future, it may be said that on the whole this Act settled the legal position of trade-unions with regard to Labour representation.

The final result of the dispute raised by the Osborne action can be summed up in a few words. The legal position of the trade-unions and of the Labour Party with regard to Labour representation was broadly the same before the Osborne judgment as after the Trade Union Act of 1913 had come into operation; the only alteration which had taken place was that their position *de facto* was brought

LABOUR POLICY

into agreement with their position *de jure*. This was the merit of the Osborne judgment and of the Trade Union Act.*

The element of uncertainty introduced into the political activity of the trade-unions by the Osborne judgment had much the same effect as the grievances created by the Taff Vale decision, and so far from injuring actually strengthened the Labour Party by the desire for solidarity and union which it aroused among its various groups and sections.

* The views advanced in this chapter differ somewhat from those of certain other writers on the same subject who, speaking generally, condemn the Osborne judgment as a miscarriage of justice intended to exclude the influence of the workmen's combines from the political field; they consider, as Mr. Cole puts it in his "World of Labour" (p. 20), that "the judgment was the outward and visible sign of the determination of the old order to resist the new by every means in its power." For a purely Labour view of the question treated in this chapter the reader is referred to Mr. and Mrs. Webb's *History of Trade Unionism*, 1920, pp. 608-634.

CHAPTER XVI

THE BRITISH LABOUR PARTY AND PARLIAMENTARY REFORMS

THE policy of Labour with regard to constitutional reforms has developed hand in hand with that of Liberalism. Both Labour and Liberalism aim at establishing a system of government based upon the most democratic principles, i.e. having an Executive, and a Legislature which represent and reflect the public opinion of the community. The leading principle of such a system is that equal political rights should be given to all, and the theory of Liberal policy in this respect goes quite as far as the theory of Labour policy. The basic idea of French Syndicalism—that Labour is everything and therefore should possess the entire political power of the community—is naturally in its essence anti-democratic. This idea, as we have seen, has its representatives in the United Kingdom, but it has exercised no influence upon the parliamentary reform-policy of the Labour Party.

At the first Conferences of the Labour Representation Committee resolutions were passed in favour of adult suffrage, the abolition of all political monopolies, and the payment from public funds of all legitimate election-expenses and of all elected representatives. As already mentioned, these democratic reforms had been claimed previously in the programmes of several Socialist organizations. The electoral reform programme of the Committee was gradually extended. A more complete scheme of electoral reform is to be found in a resolution moved by Mr. Henderson at the Conference of the Labour Party in 1910, and in the Reform Bill prepared by a Committee appointed by the Executive of the Fabian Society and published in January 1911.* It was introduced into the House of Commons by Mr. Henderson during the following May.† The proposals of Labour embodied in these documents may be classified in the following way :

- I. Registration. (1) Efficient quarterly registration by duly authorized registration-officers.

* *Report of the Conference*, p. 74 ; and *Report of the Conference 1911*, p. 102.

† No progress was made with the Bill. *Public Bills 1911*, No. 200.

LABOUR POLICY

- II. Franchise. (1) The enfranchisement of all adults.
(2) Minimum residential qualifications.
- III. Elections. (1) Alternative vote.
(2) The exercise of one vote only by each elector.
(3) The holding of all parliamentary elections on one and the same day.
(4) The payment of all election-expenses from the National Exchequer.
- IV. Parliament. (1) Quinquennial Parliaments.
(2) The payment of Members of the House of Commons.*

It may be said at once that the two latter demands were met by Parliament in 1911, the first by the Parliament Act and the second by a resolution of the House of Commons on August 10th. Of the above proposals only those relating to the extension of the franchise (II. 1) and to the method of voting (III. 1) will be considered in detail. As we shall see presently the remaining five were met to a large extent by the Representation of the People Act, 1918.

I. (1) As regards registration, the Representation of the People Act 1918†, prescribes that two registers of electors shall be prepared in every year, of which one shall be made for the qualifying period ending on January 15th, and the other for the period ending on July 15th. Further, each parliamentary borough and each parliamentary county shall be a registration-area, and there shall be a registration-officer for each such area.‡ The registration-officer shall be paid by the Council whose clerk he is or by whom he has been appointed.§

II. (2) By the same Act the minimum residential qualification has been fixed as residence in, or occupation of business premises within, the same parliamentary borough or county for a period of at least six months.

III. (2) The single voting system, however, was not carried through by the Act of 1918, though plural voting was restricted to two votes. According to the provisions of this Act no man shall vote at a general election for more than one constituency, for which he is registered in virtue of a residence-qualification; or for more than one constituency, for which he is registered in virtue of any qualification whatever. Neither can a woman exercise more than

* As to the attitude of Labour with regard to the House of Lords, *vide* pp. 248-50.

† 8 George V., ch. 64, section 11.

‡ *Ibid*, section 12.

§ *Ibid*, section 15.

BRITISH LABOUR PARTY—PARLIAMENTARY REFORMS

two votes, and only one in each constituency in which she is qualified to vote.*

(3) The demand for the holding of all elections on one and the same day was complied with by the Act, and it was ruled that the day fixed for receiving nominations should be the same in all constituencies.†

(4) With regard to the payment of election-expenses, the Act provided that the returning-officer at a parliamentary election (other than a university-election) should be entitled to his reasonable charges (not exceeding the sums specified in the scale of maximum-charges formed under the Act) in respect of services and expenses of the several kinds enumerated in the said scale, provided they had been rendered properly or incurred by him for the purposes of, or in connection with, the election. The amount of such charges should be paid by the Treasury.

Most of the above claims had thus been met by the Representation of the People Act, 1918. The remaining two points—the extension of the franchise and the methods of voting—have been subjected to many investigations and discussions. We now proceed to examine the policy pursued by Labour with regard to them.

I. (1) As to the extension of the franchise there is one question that had been fought out in 1905 but which ought to be noticed in this connection. From the beginning of the century the disfranchisement of unemployed workmen in receipt of poor-law relief had been regarded with dissatisfaction by the working-classes.‡ On the recommendation of the Labour Representation Committee a Bill to remove the disqualification had been introduced into Parliament. This Bill, however, never passed, but the case was met by the Government in the Unemployed Workmen Act, 1905.§ By this Act the acceptance of temporary relief or of other assistance did not disqualify any person from being registered, or from voting as a parliamentary, county, or parochial elector, or as a burgess. This was the first step towards the enfranchisement of persons in receipt of relief. The Representation of the People Act of 1918 went further and abolished the poor-law relief disqualification except as regarded paupers actually resident in a workhouse. We must mention also that the non-payment of rates is no longer a disqualification.

On account of their right to a seat in the House of Lords peers

* *Ibid*, section 8.

† *Ibid*, section 21.

‡ They were disqualified by the Representation of the People Act, 1832, 2 and 3 William IV., ch. 45.

§ 5 Edward VII., ch. 18.

LABOUR POLICY

are not entitled to vote at the election of a Member of the House of Commons. The Labour Party has advocated their enfranchisement as a desirable democratic reform, although such a measure would undoubtedly add a few votes to the Conservative and Liberal Parties. But owing to the present constitution of the Upper Chamber the democratic argument has not received sufficient support, and under the Representation of the People Act of 1918 peers are still disqualified from registration and from voting at parliamentary elections.

Up to 1918 the electoral system was based upon the ownership or occupation of land or premises. This system was opposed vigorously by the Labour Party who advocated the complete abolition of all property-qualifications. These demands were also met to a great extent by the Act of 1918 which introduced a system based, on the one hand, upon the residence-qualification, and, on the other, upon the qualification arising from the occupation of business-premises.* The university-franchise was to be extended to all graduates of the universities.† The minimum-age for male electors was 21 years‡, and for females 30.

In 1870 a Women's Enfranchisement Bill§ had been introduced into the House of Commons by Mr. J. Bright, and since that date many similar Bills had appeared. It was, therefore, no novelty when Mr. Crooks, in August 1904, introduced a Bill to provide for the enfranchisement of women. This was done on behalf of the Labour Representation Committee which had passed a resolution at their Conference earlier in the year in favour of the extension of the franchise to women on the same basis as that enjoyed by them for parochial purposes. Further, the Conference had urged upon the Members of Parliament the necessity for introducing a Bill to this end. The Bill introduced by Mr. Crooks went further than this and was worded as follows||: "In all Acts relating to the qualifications and registration of voters or persons entitled or claiming to be registered and to vote in the election of Members of Parliament, wherever words occur which import the masculine gender the same

* By business-premises is meant land or other premises of which the yearly revenue is not less than ten pounds. Further, these premises must be occupied for the purpose of the business, profession, or trade of the person to be registered. With regard to the business-premises of a female elector the yearly revenue must be not less than five pounds.

† Previously only members of Convocation at Oxford and members of the Senate at Cambridge had been entitled to vote. A. O. Hobbs and T. J. Ogden, *Guide to the Representation of the People Act, 1918*, London 1918, p. 31.

‡ The minimum age for naval and military voters, however, was 19 years. Conscientious objectors were disqualified during the War and for a period of five years thereafter.

§ *Public Bills* 1870, No. 31.

|| *Public Bills* 1904, No. 304.

shall be held to include women for all purposes connected with and having reference to the right to be registered as voters and to vote in such election, any law or usage to the contrary notwithstanding." Although this Bill did not make any progress the fact is remarkable that such a Bill could be introduced and supported by Labour. As as matter of fact the provisions of the Bill were opposed to, rather than in favour of, the interests of Labour, considering the property-qualifications which prevailed at that time. If, then, the franchise had been extended to women on the same terms as to men, it would undoubtedly have led to a relative decrease in the Labour vote in comparison with the vote of the other parties, for very few of the working-class women possessed the necessary property-qualifications.

At the Conference of the Labour Representation Committee in 1905 it was proposed that the Conference should endorse Mr. Crooks' Bill, believing it to be an important step towards adult suffrage. Mr. Quelch, however, argued that the Bill was not worth supporting, since it would give votes to a great number of propertied women. It was not, he said, the work of the Labour Representation Committee to put the question of sex first; they had to put the Labour question first in every case. The motion in favour of the Bill was defeated, and the Conference carried instead the following resolution: "That this Conference, believing that any Women's Enfranchisement Bill which seeks merely to abolish sex disqualification would increase the political power of the propertied classes by enfranchising upper and middle-class women, and leaving the majority of working men still voteless, hereby expresses its conviction that adult suffrage—male and female—is the only franchise-reform which merits any support from the Labour Members of Parliament."* In February 1905 the Liberal Member, Sir Charles Dilke, introduced a Bill† to establish a single-franchise qualification at all elections, and thereby abolish university-representation, and to remove the electoral disabilities of women. This Bill also was defeated.

In spite of the resolution carried at the Conference of the Labour Representation Committee of 1905 many members of the Labour Party were still in favour of the extension of the franchise to women, even on the basis of property-qualification. The Parliamentary Franchise (Women) Bill, 1910,‡ aimed at extending the franchise to every woman possessed of a household-qualification, or of a ten-pound occupation-qualification, within the meaning of the Representation of the People Act 1884. It is a noteworthy fact that so

* *Report of the Conference*, p. 57.

† *Public Bills* 1905, No. 32.

‡ *Public Bills* 1910, No. 180.

LABOUR POLICY

prominent a member of the Labour Party as Mr. Keir Hardie was one of the supporters of the Bill in spite of the resolution passed at the Conference of the Party in 1905. The leaders of the Liberal Party, who were otherwise on friendly terms with the Labour Party, did not hesitate to condemn their illogical attitude. In the debate on the second reading of the Bill, 1910, Mr. Asquith said that he very much regretted to be at variance with many of his friends in regard to this Bill, but that he was glad to see that a very large number of those who were entirely in favour of the enfranchisement of women agreed with him. "What the leaders of the Labour Party, who are responsible for this Bill, are really doing," he said, "is, in the name of democracy, to introduce into the electoral roll of this country a number of property voters—a number of persons who are possessed, so far as I understand, of no special claim of any sort or kind to be distinguished from their fellow-women. . . ."* Mr. Churchill said in the same debate: "It is not merely an undemocratic Bill, it is worse. It is an anti-democratic Bill. It gives an entirely unfair representation to property, as against persons."†

No doubt the attitude of the Labour Members who supported the Bill was illogical, though not altogether unreasonable. Mr. Shackleton, who moved the second reading, made it clear that the advocates of the Bill based their support on four main reasons. Firstly, the Bill was another stage towards the complete realization of the fundamental democratic principle that taxation and representation must go together. The Bill, of course, would not enfranchise all women who were tax-payers, but it would be a beginning—it would put women on an equality with men as regards taxation and representation. The second reason was that, even if by the Bill only a small number of women were given the right to vote, the principle of their right was recognized and an extension of it would come in time. Further, Mr. Shackleton believed that the number of working-class women who would come under the Bill was considerable. He pointed out that about 90 per cent. of the women enfranchised by the Bill were householders. A woman would be entitled to vote if she inhabited a house or even a single room, whatever its value, provided she had full control over that house or room. Among those women who occupied premises of an annual value of £10 per inhabitant would be a large number of shop-keepers and typists and other women with offices of their own; and women living together would rank as joint-occupiers provided their house were of the

* *The Man's Case against 1,000,000 Votes for Women*, Hodder and Stoughton, 1910, p. 97. It is fair to assume that this argument of Mr. Asquith's was one of his strongest points against the Bill, in view of his later attitude in favour of women's suffrage as conceded by the Reform Bill, 1918.

† *Ibid.*, p. 97.

BRITISH LABOUR PARTY—PARLIAMENTARY REFORMS

annual value of £10 for each occupier.* The fourth reason was that women had shown marked ability for public work, on Municipal Councils, and Boards of Guardians, etc.† Mr. Keir Hardie exemplified Queen Elizabeth and Queen Victoria as typical instances of women with ability for political work.‡

In 1913 the Prime Minister declared that it was impossible for the Government to introduce a Bill that would include both men and women. Nevertheless in the same year the Conference of the Labour Party, passed a resolution urging the Parliamentary Party to do all in its power to expedite during the coming session the passing of a Bill giving votes to women on a broad and democratic basis. The Conference further requested the Party in Parliament to oppose any Franchise Bill in which women were not included, even if it extended the franchise in respect of men. This resolution was obviously at variance with the previously-expressed opinion of the Conference. (It will be remembered that the Conference of 1905 laid great emphasis on the necessity of Labour coming first in every case, and sex second.)

It was not until five years later that the question of women's suffrage was settled by the Representation of the People Act of 1918, an Act which also extended the franchise in respect of men. According to the provisions of this Act a woman is entitled to be registered as a parliamentary elector if she has attained the age of thirty years, if she is not subject to any legal incapacity, and if she occupies land or premises (not being a dwelling-house) in the constituency of a yearly value of not less than five pounds, or a dwelling-house of any value whatever. This is the principal qualification for a female elector. A married woman has also the right to vote at parliamentary elections if her husband is registered as a local government elector in respect of the occupation of the above-mentioned premises. Finally a woman can be registered as an elector in a university constituency provided that she is a graduate of the university, or, where the university does not admit women to degrees, provided she has passed the final examination and kept the prescribed period of residence.

Thus the big step towards giving women equal political rights with men was taken in 1918. Since then there has been a constant struggle for absolute equality by lowering the qualifying age for women electors to that for men, i.e. 21 years. The first definite

* It is obvious, however, that these women must be in a small minority as compared with all the women of the wealthier classes. That the majority of the Labour Party, at least in 1905, was of this opinion appears from the resolution of its Conference quoted on p. 237.

† *Parliamentary Debates* 1910, vol. xix., col. 41 ff.

‡ *Parliamentary Debates* 1910, vol. xix., col. 139.

LABOUR POLICY

move to this end was made in 1920 when the Labour Party introduced their Representation of the People Bill of which the second reading was carried on February 27.* This Bill sought to secure political equality between the sexes and all classes by (1) reducing the age-limit for women's suffrage from 30 to 21 years, (2) abolishing the occupation-qualification and the qualification of women as wives of local government electors, and, finally, (3) placing the whole franchise for both sexes for parliamentary and local government purposes on the single residential basis, with the exception of university electors. The Bill was referred to the Standing Committee D where it was dealt with severely. After much discussion the Labour Members finally agreed to abandon all the clauses except those relating to the extension of women's franchise. The Government, however, declared emphatically that it would not provide for passing of the Bill into law until immediately before the next general election. According to parliamentary practice a change of the electoral system would involve an immediate dissolution of Parliament, a step to which the Government was opposed. Oddly enough, however, the Bill was not shelved by Parliament, but in the Committee and by the action of the Labour Member in charge of the Bill who moved that the House could not proceed profitably with the Bill.

III. (1) In the above-mentioned Reform Bill, 1911, Labour proposed the alternative vote in parliamentary elections. In point of fact this very system had been recommended by the Royal Commission on Electoral Systems which reported in 1910.† The measures which had been considered by the Commission for securing more complete representation than the prevailing system afforded were :

I. Re-distribution on a basis of equal electoral areas.

II. Absolute Majority systems :

(a) The Second Ballot. (b) The Alternative Vote (also known as the Contingent Vote or the Transferable Vote).

III. Minority and Proportional Representation systems :

(a) The Limited Vote. (b) The Cumulative Vote. (c) The Transferable Vote. (d) The List System.

The Conferences of the Labour Party have not as yet declared in favour of any definite system. They have merely passed resolutions against a system which permitted a candidate to be elected by a minority-vote. The general opinion among the Labour Party seems, however, to have been in favour of the alternative vote proposed in their Reform Bill of 1911. Before the Royal Commission had published its report, the Socialist organizations and a great many

* *Public Bills* 1920, No. 7.

† *Cd.* 5163.

BRITISH LABOUR PARTY—PARLIAMENTARY REFORMS

Labour organizations were in favour of the second ballot system. But, as the alternative vote is in fact only an improved second-ballot system, which gives the elector the opportunity of indicating what his choice would be in the event of a second ballot, the supporters of this latter system have become advocates of the former. The Conferences of the Labour Party, however, have repeatedly rejected motions in favour of either the alternative vote or Proportional Representation. In this connection it is interesting to notice that the Conference held in January 1914 defeated firstly a resolution in favour of Proportional Representation, and then a resolution in favour of the alternative vote.* Up to the present moment there does not seem to have been any real unity within the Labour Party with regard to reforms of the electoral system. Indeed, to judge from the recorded resolutions of the Party Conferences, the collective opinion of Labour does not appear to be in favour of any known electoral system.

That the prevailing single-member system can hardly be considered satisfactory from a democratic point of view appears clearly when we observe the result of the general election of 1918. The Labour Party polled nearly one-fourth of the total number of votes, while the number of their returned members was only about 8 per cent. of the total number of representatives in the House of Commons. An electoral system which makes such a result possible is obviously not compatible with minority-representation, because it makes it possible (as will be shown below) for a Party, which according to its voting-strength, ought to be in a minority, to return a majority to Parliament. The total vote polled by Labour in ten given constituencies† was 88,300, while the vote polled by the Coalition Unionists and Coalition Liberals in the same constituencies was 84,743. Labour was thus, in these constituencies, in a majority as regarded its voting strength, but nevertheless the Coalition minority returned four times as many Members to Parliament as Labour.‡ This is only one example of how, under the present electoral system, a minority of electors can elect a very great majority of representatives in Parliament. It is also possible to point out a similar combination of constituencies where a Labour minority has elected a majority of representatives. The present system is, therefore, not always unfavourable to Labour§, but it is a most uncertain system,

* *Report of the Conference*, p. 113.

† Nos. 40, 66, 97, 113, 358, 471, 473, 476, 575, and 581.

‡ *Whitaker's Almanack*, 1920, p. 177.

§ On the whole, however, it is unfavourable to Labour because of the concentration of Labour voters in the industrial districts where their candidates are returned by overwhelming majorities, their large surplus in these constituencies not being utilized to improve their polls in others.

LABOUR POLICY

and one which might enable a minority of electors to elect a majority of representatives, even if the alternative vote or Proportional Representation were introduced. To use the terms of the Royal Commission of 1911 the chief defect of the present system lies undoubtedly in the fact that "the value of a vote" may be very different in different constituencies. In the main this is the result of two circumstances, firstly, the unequal distribution of seats, so that large and small constituencies return the same number of candidates; and, secondly, the distribution of electors belonging to different Parties within the various electoral areas, so that sometimes even distribution and sometimes uneven distribution is most favourable to a Party. The first of these two circumstances had been considered by the Royal Commission, 1911, when it was found not to be of any considerable importance. Nevertheless it may be pointed out that the consequences of an uneven distribution of seats depend upon the distribution of the electors belonging to different parties within the constituencies, and can exaggerate the defects of minority-, as well as of majority-, representation. The Representation of the People Act of 1918, however, embodied a comprehensive scheme of redistribution of seats, so that the disproportion between the numbers of the electorate in the different constituencies was abolished to a certain extent. Obviously the failure of the British electoral system, in so far as it is due to the unequal numbers of the electorate in the constituencies, can be avoided by a careful redistribution. But even then there remains the difficulty due to the distribution of the Party-vote between the constituencies; to avoid this the whole electoral system must be altered.

Consider, for instance, a system according to which the candidates of a Party are returned not (as at present) because they polled the highest number of votes in their respective constituencies, but in proportion to the total number of votes they have polled in comparison with the candidates all over the country. In this way a Party would have the right to dispose of a number of seats proportionate to the total vote polled by all their candidates, these seats to be divided among the candidates who have polled the highest vote. In this case it may happen that a candidate, who has been elected by a certain constituency, will have to make way for a candidate from another constituency who has polled a higher vote, even though this latter candidate has attained only the second place in his own constituency. This does not seem to be altogether fair to the constituency which had elected the first candidate. One way out of this difficulty would appear to be to introduce the second ballot for such cases, and so give the constituency an opportunity of choosing between the first candidate and the candi-

BRITISH LABOUR PARTY—PARLIAMENTARY REFORMS

date substituted for him. The Parties would in this way be represented in proportion to their voting strength, and by the best of their candidates, in so far as they are accepted by the constituencies. Another solution of the problem would be to introduce a system of large and small constituencies similiar to that prevailing in Denmark.*

* Ch., pp. 130-1.

CHAPTER XVII

LABOUR REPRESENTATION IN ENGLAND 1907-1913

Professor A. L. Lowell has pointed out that Labour leaders everywhere are placed in a dilemma. If they contemplate applying their theories to all people they become Socialists. Ethically, this is consistent. If, on the other hand, they take the working-class alone into consideration, their scheme is based essentially on co-operative selfishness. In England, Professor Lowell goes on to argue, the Labour Party could not adopt the first of these alternatives even if it desired to, for, were it to do so, it would lose the greater part of its supporters.* But is not the dilemma pointed out by Professor Lowell an apparent one only? First of all it must be remembered that Socialism is almost exclusively a Labour Movement, so that by far the largest number of its adherents belong to the working-class. Furthermore, a Member of Parliament is always responsible to his constituency, and in the first instance to those individuals or groups of individuals of his constituency who elected him. A Labour Member of Parliament can always be fairly certain to which social class his supporters belong (members of other parties are not in the same position). Whether he himself is a Socialist or a Labour man, or whether his electorate is Socialist or Labour, does not matter, because in any case the largest part of the electorate must belong to the working-class. The Members belonging to the Labour Party are therefore responsible in the first instance to the workers of their constituencies (whether they be Socialists or not), and consequently they must also in the first instance look after the interests of the working-class. For this reason the development of the Labour Party on increasingly socialistic lines has not in any way altered its character as a purely class-party. This can only be brought about by a complete change in the constituencies, so that not only the labouring class but also to a noteworthy extent other social classes, are represented in the electorate of the Labour Party.

Shortly after the creation of the Labour Party, the Liberals

* *The Government of England*, London 1914, vol. II., p. 122.

began their efforts to induce its adherents to make common cause with them. On the other hand the Labour Members had exercised a considerable influence upon Liberal policy during 1906, an influence which culminated in the introduction and passing into law of the Trade Disputes Act.* By the passing of this Act certain disabilities and restrictions from which the Labour movement had suffered as a result of the Taff Vale decision were removed, and one of the immediate aims for which all the different Labour groups had fought with equal ardour was realized.

The first enthusiasm of the new Labour Party did not last long. Already in 1907 its influence in Parliament had been reduced greatly. Many Bills of importance to Labour were introduced, but the slowly-working parliamentary procedure held them up, and they never reached a second reading. These delays discouraged the new Labour Members, who had entered the House of Commons determined to translate their ideals into action at an early date; also the old-world atmosphere of Parliament had already begun to exercise its tranquillizing influence upon the representatives of the Labour Party. No doubt the friendly way in which the Labour Members were received and treated by the older Members in the House of Commons made them more open to the personal influence of their more educated and experienced colleagues of other parties. The old parliamentary principle—the welfare of the whole country before that of a part of it—which, even if it has not on all occasions been applied, has always given its true champions a superiority and consideration in the House of Commons, was not without adherents among the Labour representatives. The esteem in which certain Labour Members were held by the House was very high, and their honesty of purpose soon became proverbial. These circumstances influenced the new Labour Members, with the result that the uncompromising and independent spirit in which they had entered the House soon toned down into one of conciliation and reasonableness. Obviously this facilitated co-operation with the old political parties †.

* 6 Edward VII., ch. 47.

† The situation is described by Mr. Masterman in *The Nation*, 1907, pp. 925-6 in the following words: "Here (in the Labour Party) were no wild revolutionists, harbingers of an uprising of the lower orders, determined to break up the recognised courtesies and hypocrisies of England's benevolent plutocracy. Instead there was discovered a mixture of old-fashioned Trade Unionists, with a sprinkling of well-behaved and pleasant Socialists, more punctilious about the forms of the House than the oldest members, more eager in making a bargain with the Government and proving themselves agreeable supporters than the most truculent of the Radicals opposite. Their individual members rapidly became exceedingly popular; the occasional violent speeches of their left wing were received with a pleasant toleration, harder to combat than open contempt."

LABOUR POLICY

The tendency towards a *rapprochement* between the Liberals and the Labour Party was increased by the existence of the Liberal Labour Group which acted as a sort of intermediary. Another reason which made the Labour Party susceptible to the influence of the Liberals was that it gradually began to lose touch with the Socialist movement. As long as Mr. Keir Hardy was the leader of the Labour Party this was not possible, but he had to resign his leadership of the Party in 1907 owing to illness. This enforced retirement deprived the Labour Party of one of the most prominent figures inclined to maintain a stubborn struggle for independence.*

The co-operation between the Labour Party and the Trade Union Group, and the creation of the Joint Board were not regarded with pleasure by the Liberal Party. Already in March 1906 the first step was taken by the Liberals to prevent further co-operation between the two Labour bodies in Parliament. Mr. Granville Bankers, who was the Liberal agent for Westminster, sent a circular to the members of the Trade Union Group, proposing that a separate organization should be formed under the name of the "National Liberal Labour League," which should represent the views of the Liberal Labour Members of Parliament, and secure a substantial increase in their numbers at the next general election. It was advanced further in support of this scheme, that a Labour Party within the Liberal Party would be a source of great strength to both.† However, the proposed scheme did not meet with the approval of the Liberal Trade Union Group, and was never realized.

The old movement among the Trade Unionists to change the Labour Party into a trade-union body had, however, been started again. At the Conference of the Labour Party in 1907 it was proposed to insert in the Party constitution a proviso that all members should belong to a *bona fide* trade-union, and that any member blacklegging or acting contrary to the principles of Trade Unionism should be expelled. In this way an amalgamation of the Trade Union Group and the Labour Party would be realizable. The resolution was lost by a small majority.‡ Had this attempt, which was made by the Liberal Labour Group in Parliament, succeeded, it would undoubtedly have been a great triumph for the Liberal Party, as the Labour Party would have ceased to exist as an independent political organization.

In spite of all attempts to draw the Labour Party into closer alliance with the Liberal Party it not only maintained its in-

* Cp. S. D. Shallard *Has Liberalism a Future?* London, Frank Palmer, pp. 22-3.

† A. W. Humphrey, *Labour Representation in England*, London, 1912, p. 169.

‡ The actual figures were 553 for the resolution and 581 against it.

dependence, but, in the following year, succeeded in persuading the Miners' Federation to join its ranks. At least two reasons can be found for this change in the situation. Firstly, co-operation in election policy had drawn the Trade Unionists closer to the Labour Party and removed them from the Liberals. Secondly, the decision of the Court of Appeal in the Osborne case had already begun to influence the Labour movement by uniting the different organizations in a common fight for common vital interests.

The Miners' Federation was represented in Parliament by 15 Members, so the affiliation meant a considerable accession of strength to the Labour Party. ~~Soon after the Amalgamated Society of Railway Servants also joined the Labour Party.~~

By a resolution passed at the Conference of the Labour Party in 1908 the important step was taken of providing for the appointment of a Parliamentary Election Agent at a salary of £200 a year.* This Agent should advise the Executive when it was considering whether a constituency ought to be contested or not. He had to examine the electioneering machinery of the different constituencies and see that it was in good order before the election. Further, he had to be thoroughly conversant with legislation in regard to election and registration, and with the latest decisions of the High Courts in this respect.

After having thrown out both the Education Bill of 1906† and the Licensing Bill of 1908‡ the House of Lords in 1909 rejected the Budget, which included provisions for increased taxation of land and licensed houses. Mr. Asquith, who had succeeded Sir Henry Campbell-Bannerman as Prime Minister in 1908, decided to make an appeal to the country by dissolving the House of Commons.

The result of the General Election in January 1910 was quite satisfactory to the Labour Party. Of its 78 candidates 40 were returned to Parliament. The increase of membership was due, it is true, to the affiliation of the Miners' Federation, the official candidates of which had all signed the constitution of the Labour Party. But the total membership of the Labour Party inclusive of the Federation had been maintained, and when we remember the highly favourable conditions under which the contest of 1906 was fought, this result must be considered as very good. The life of the newly elected Parliament was not, however, to be long.

The Unionist Party, had recovered from its overwhelming defeat at the election of 1906, and after the new election the two old

* *Report of the Conference*, p. 54.

† *Public Bills*, 1906, No. 160.

‡ *Public Bills*, 1908, No. 374.

LABOUR POLICY

parties were almost equal in strength.* Mr. Asquith's Liberal Government, however, was returned to office, as he secured a majority through the support of the Labour Party and the Irish Nationalists who favoured his attempts to check the power of the House of Lords. The first and most important aim of the Government was to obtain statutory guarantees against a repetition of the House of Lord's refusal to accept the Budget. Mr. Asquith carried through the House of Commons a series of resolutions to this effect which aimed, also, at altering the absolute right of veto of the Lords to one of a merely suspensory character. Mr. Lloyd George's Budget of 1909 was agreed to by the Lords in April. In June the Prime Minister invited the leaders of the Opposition, Mr. Balfour, Mr. Austen Chamberlain, Lord Lansdowne, and Lord Cawdor to a conference on the matter, the Government being represented by himself, Mr. Lloyd George, Mr. Birrell and Lord Crewe. The Conference however, after twenty meetings, failed to reach an agreement and broke up the following November. The Government introduced a Parliament Bill which had in view the same constitutional reforms as those embodied in the resolutions carried by the House of Commons.† Lord Crewe, when introducing the Bill into the House of Lords, declared that no amendments would be accepted. The Lords, however, returned the Bill with amendments, and the Government therefore decided on the dissolution of the Commons on the understanding that the policy of the newly elected House of Commons with regard to the relations between the two Houses of Parliament should in any case be carried into law.

Though the election thus came without much warning the Labour Party was prepared fairly well to meet the contest. The lists of the Party included 56 names.

The result of the election was as follows :‡

I. Single Member Constituencies.	No. of Candidates.	Returned Candidates
(a) Labour unopposed	3	3
(b) Labour opposed by Liberal only	3	2
(c) Labour opposed by Conserva- tive only	30	26
(d) Labour opposed by Liberal and Conservative	7	0
(e) Labour opposed by Liberal, Conservative and Inde- pendent	1	0

* 274 Liberals against 272 Unionists.

† *Public Bills*, 1910, No. 130.

‡ *Report of the Executive*, 1910, p. 3.

LABOUR REPRESENTATION IN ENGLAND 1907-1913

II. Double Member Constituencies.	No. of Candidates.	Returned Candidates
(a) Labour opposed by 1 Liberal and 1 Conservative	5	5
(b) Labour opposed by 1 Liberal and 2 Conservatives	6	5
(c) Labour opposed by 1 Liberal, 2 Conservatives and 1 In- dependent	1	1
	—	—
	56	42

Compared with the election of January the Labour Party had thus gained two new seats. From the point of view of Labour this result must be regarded as highly satisfactory, particularly as the activity of the trade-unions at the elections was very much hampered by the financial restrictions arising out of the Osborne judgment.

The Liberals returned 272, the Unionists 271, and the Irish Nationalists 84 candidates, 8 of the latter being Independent. Mr. Asquith's Government was thus returned to office for the third time in succession; it had a majority of about 120 for its policy against the House of Lords. The Irish Nationalists were deeply interested in this policy against the absolute veto of the House of Lords as it was one of the chief obstacles to Home Rule for Ireland.

The Prime Minister had received from the Labour Party guarantees which enabled him to carry out his programme. In return, Mr. Asquith promised to make provisions not only for the payment of all Members of the House of Commons, but also for the removal of the disabilities arising out of the Osborne judgment.

No doubt the financial capacity of the Labour Party was strained greatly by the repeated elections consequent upon the resistance of the House of Lords, and there was a general feeling among its members that the Government must pursue a firmer policy. The Conference of the Labour Party, which assembled a few days before the new Parliament met, declared itself of the opinion that the proposals for a revision of the relationships between the two House of Parliament and for the maintenance of the supremacy of the House of Commons would admit of no modification. At the same Conference it was also suggested that, in order to establish the authority of the elected representatives of the people, the Labour Party in Parliament should ignore all the consequences of an eventual dissolution of the House of Commons and declare its intention

LABOUR POLICY

to force its own issues. The Conference, however, declared itself against a resolution of this kind.*

From the beginning Mr. Asquith took up a firm attitude in the new Parliament, and there was no question of another dissolution. In March the Parliament Bill was read a second time, and in May it passed its third reading by a majority of 121. Finally, in August, the House of Lords passed the Bill† without amendments when the Prime Minister threatened, in the event of its rejection, to create a sufficient number of new peers‡ to secure the passing of the Bill. From the point of view of Labour the *quasi-unicameral* system established by the Parliament Act of 1911§ is in many respects much to be preferred to a two-chamber system, with a Second Chamber equal or almost equal in power to the House of Commons. The call for reform of the House of Lords does not, therefore, come from the Labour Party, but from Liberals and Conservatives, who fear the constitutional peril of the single-chamber system. Some consider the suspensory veto and the critical power of the House of Lords as a satisfactory guarantee against too sudden legislation and constitutional changes. The majority of the Labour Members, however, would abolish all such restrictions in order to establish the complete sovereignty of the people at any moment.

The establishment of the Joint Board, which has already been referred to in a preceding chapter, was of high importance to the continued development of Labour representation, even though its activity not infrequently caused trouble among the trade-unions. A definite constitution for this Board was framed and adopted as a basis for action in 1908.|| According to this constitution the Joint Board should determine whether any trade-union which was affiliated (or applying for affiliation) to the Labour Party, to the Trade Union Congress, or to the General Federation of Trade-Unions, should be accepted as a *bona-fide* trade-union. The Board should have the deciding voice when it was referred to by any one of its constituent bodies upon questions which affected them jointly, or about which some doubt or difference might have arisen as to which body they properly concerned. Particularly, the Board should consider and agree upon joint-political or other action when such was deemed to be advantageous to the three constituent bodies. Further, in case of trade disputes, the Board might (with the concurrence of the Executives of the union or unions affected, and on

* *Report of the Conference*, p. 76.

† By a majority of 131 to 114.

‡ At least 400 would have been necessary. Vide T. E. May, *Constitutional History of England*, London 1912, vol. III., p. 380.

§ 1-2 George V., ch. 13.

|| For the composition of this body we refer the reader to p. 216.

LABOUR REPRESENTATION IN ENGLAND 1907-1913

the application of the constituent body affected) use its influence to bring about a settlement. As mentioned already the specific purpose of the Board during elections was to prevent overlapping.

The representation of the Management Committee of the General Federation of Trade Unions on the Joint Board had been an early cause of controversy and disagreement. The original function of this body was merely to facilitate the insurance of the trade-unions against the heavy liabilities caused by strikes. Later on the Federation, as already mentioned, engaged in political activity, particularly of an international nature. As soon as the Federation exceeded its original functions there was the risk of collision with the policy of the Trade Union Congress and its Parliamentary Committee. The Management Committee of the Federation was bound to cause discord and overlapping directly it extended its functions beyond its original limits, as all the societies connected with the Federation were, or (as it was agreed) ought to be, affiliated either to the Congress, or to the Labour Party, or to both. Obviously it was a great disadvantage to have the same trade-unions represented by three different Committees which very often considered and decided matters without proper co-ordination. Close co-operation between the Management Committee of the Federation and the Parliamentary Committee was, however, very difficult to obtain, for this latter and older body always regarded the Committee of the Federation as something of a usurper who had to be kept at a distance. Evidence of this feeling against the Federation was shown by the resolution of the Trade Union Congress (1913) calling for closer co-operation between the Parliamentary Committee and the Executive of the Labour Party, but excluding the Management Committee of the Federation.

The opposition to the Federation at length, in 1916, culminated in the entire exclusion of the Federation from the Joint Board. This development was certainly accelerated by the repeated attacks made upon the Joint Board by the Miners' Federation, which declared the Joint Board to be unconstitutional and declined to recognize it.* The Miners' Federation was affiliated both to the Labour Party and to the Trade Union Congress, but not to the Federation of Trade Unions. It was responsible to the two former organizations but not to the third, and would not recognize the Joint Board where this third organization was represented.

After the affiliation of the Miners' Federation to the Labour Party the Executive of the Labour Party and the Parliamentary Committee of the Congress were undoubtedly drawn closer together.

* *Report of the Trade Union Congress, 1913, p. 175.*

LABOUR POLICY

At the Conference of the Labour Party in 1913 the following resolution was passed: "That the Labour Party Conference direct its attention more to urgent political questions, with a view to having adequate discussion thereon, and allow the Trade Union Congress to deal with industrial questions and all other matters affecting the trade-unions not of a political nature." There were, however, two circumstances which made such a distribution very difficult. Firstly, it was in very many cases impossible to decide what was a political and what an industrial question; secondly, the reluctance of the Parliamentary Committee of the Trade Union Congress to give up the discussion of and decision upon important political matters. It was suggested that the first difficulty might be overcome by a friendly arrangement between the Executive of the Labour Party and the Parliamentary Committee, by which these two bodies could meet and prepare the agenda for their respective conferences. On the other hand the attitude of the Parliamentary Committee foredoomed such meetings to almost certain failure. As Mr. Henderson pointed out, many meetings had been held between the two bodies in order to avoid the discussion of the same questions at both the Trade Union Congress and the Labour Party Conference, but no line of demarcation could be drawn defining the respective sphere of influence of these bodies because of the refractoriness of the Parliamentary Committee. Mr. Henderson argued further that the only way in which a distribution of the work between the two bodies could be brought about was by inducing the Trade Union Congress to carry a resolution in favour of closer unity.* In this case the Parliamentary Committee would naturally have had to give way, and a scheme might have been established whereby the two Conferences could be held at the same time and the agenda divided, so that political questions could be put before the Conference of the Labour Party and industrial questions before the Trade Union Congress.

In 1912 an important step was taken by the Executive of the Labour Party towards a *rapprochement* with the Co-operative movement. Six representatives of the Labour Party were appointed to meet similar numbers from the United Board of the Co-operative Union and the Parliamentary Committee of the Trade Union Congress in order to discuss the possibilities of joint-action. At the first meeting a resolution was passed unanimously in favour of closer mutual efforts between the three organizations represented at the meeting, in order to assist in improving the social and economic conditions of the people. At the next meeting the different organizations drew up their schemes for this joint-action, and

* *Report of the Labour Party, 1914, p. 73.*

LABOUR REPRESENTATION IN ENGLAND 1907-1913

on the basis of these proposals the United Co-operative and Labour Board was formed. On this Board the Co-operative Union was represented by 3 members, the Co-operative Wholesale Society by 2, the Scottish Co-operative Wholesale Society by 1, the Trade Union Congress by 3, and the Labour Party by 3. Among other objects, the Board should promote the carrying out of a joint programme for educational and practical purposes, without in any way interfering with the separate and distinct functions of each constituent body. Further, the Board should prepare and distribute suitable literature with a view to influencing the officials and members of the Labour Party, and so induce them to take a more decided and active interest in co-operation. Another object of the Board was to organize special conferences whenever necessary, in order to win the support of the public on questions affecting the social life of the people.*

If the Labour Party took the initiative in proposing this joint-action with the deliberate intention of turning the powerful Co-operative Union into a political ally the attempt was a *fiasco*, in consequence of the final *non-possumus* of the Co-operative movement in respect of concerted political action.

The Annual Congress of this movement, 1913, declared that, while it approved of concerted action with trade-unions and other organized bodies for raising the status of Labour, it could not sanction union with the political Labour Party. Further, the Congress instructed the United Board to maintain strictly the neutrality of the movement in respect of party-politics, so that political dissension might be avoided.† By this resolution any possibility of the Labour Party drawing the Co-operative movement into politics was shut out for the time being.

The Labour Party had long felt the need for a newspaper of its own, and in November 1912 *The Daily Citizen* was founded by a Limited Company, under the permanent control of representatives of the Labour Party and of the trade-unions. The necessary capital was raised by the trade-unions and amounted to the considerable sum of approximately £200,000. *The Daily Citizen* was ever a faithful organ of the Labour Party, but never became very popular among the working-classes; however, it exercised a certain influence upon other newspapers of the country. "Even *The Times*," said the President of the Labour Party Conference of 1914 "bears frank testimony to the potent influence it (*The Daily Citizen*) has wielded, and many other capitalist journals do so indirectly by devoting much more space than previously to Labour

* *Report of the Labour Party*, 1914, p. 21.

† *Ibid.*, p. 23.

LABOUR POLICY

news, and by being, on the whole, less wild in their misrepresentations during strikes."* The influence of *The Daily Citizen* upon other papers was probably due more to its cautious and tolerant attitude and to the fact that it represented the policy of the Labour Party, than to the intelligence of its leading articles.† Indeed, by the uncompromising Left Wing of the Labour Movement, *The Daily Citizen* was considered unintelligent and weak.‡ The existence of the paper was threatened by a judicial decision, founded upon the Osborne judgment, that trade-unions had not legally the right to subscribe to its cost or make investments in its shares. As almost all the money of the paper was derived from the trade-unions, it would certainly have been forced to suspend issue in 1913 if the Trade Union Act had not saved the situation. Nevertheless, the check to which the paper had been exposed weakened its position and, in 1915, owing mainly to financial difficulties in consequence of the War, it was definitely stopped.§ During the whole remaining period of the War the Labour Party was without the support of a daily newspaper, but in 1919 the new Labour paper, *The Daily Herald*, was started. This newspaper is much more active and combative, and has rapidly gained a large circulation among the working-classes.||

The constant complaints on the part of the outside Labour movement as to the policy of the Parliamentary Party led the Executive of the Party to call together a Special Conference in Glasgow in January 1914, for the purpose of giving an opportunity to members of the Labour Party outside Parliament to criticize the measures of the Parliamentary Party, and also to the members of the latter body to defend themselves.¶

The first attack was made by a representative of the Independent Labour Party. He stated that considerable dissatisfaction with the policy of the Party in Parliament existed in many quarters, and affirmed that the Party of recent years had lacked fighting spirit and vigour. He said he knew that the feeling among a large number of members—not only members of the Independent Labour Party—was that the policy of the Party in the House of Commons was not sufficiently distinct from that of the Liberal and Con-

* *Report of the Labour Party*, 1914, p. 93.

† A circumstance worth notice, in consequence of the irritation it caused among the members of certain trade-unions, is that the paper printed recruiting-appeals.

‡ G. D. H. Cole, *The World of Labour*, London, 1919, p. 50.

§ *The Labour Newspaper Ltd.*, the society which published the paper, was finally dissolved in October, 1918.

|| The net sale has attained nearly 300,000 copies a day. *Vide The Daily Herald*, Nov. 4th, 1920.

¶ *Report of the Labour Party*, 1914, p. 77.

servative Parties. It was also stated that the poor show which the Party sometimes made in the divisions was due either to there not being enough Members present, or to their voting in different lobbies, which was the one thing that the leaders of the Labour Party had told the people would not happen. The necessity for closer co-operation between the industrial and political sides of the Labour movement was also emphasized.

The dissatisfaction with the work of the Parliamentary Party was due for the most part, as its members declared at the Conference, to an imperfect knowledge of parliamentary procedure and conditions. Outside critics for this reason very often failed to understand and appreciate the difficulties with which the Party had to contend. The Parliamentary Party was accused of selling themselves to the enemy for their salary of £400, of having forgotten their class, and, in short, of being traitors. These charges were both unjust and unreasonable. In many cases where a Labour Bill had no chance of being carried a Liberal Bill providing for the same measures was sure of success if it had the support of the Labour Party. The only reasonable course then was for the Party to withdraw its own Bill and support freely the Liberal Bill, trying at the same time to get this Bill amended as far as possible in accordance with the desires of Labour. In this way the Labour Party secured advantages to the labouring class which would never have been gained by a purely uncompromising policy. The Party adopted the principle: It is better to aim at getting a little, if it is certain, than at all or nothing. This policy was cautious but it was most effective. That it did not find favour in the eyes of the uncompromising Left Wing of the Party is another matter.

Even though the policy of compromise adopted by the Party was the most effective it involved certain dangers to which the Members of the Party in Parliament were not blind. In the first place, the strong influence which a skilful Liberal Minister might be able to exercise upon the final result of a compromise was recognized as a danger.

It was quite impossible for the Labour Party to work alone, entirely independent of the Liberal Party. The two parties were really inter-dependent because, just as the Labour Party could not work without the Liberals, so the Liberal Government could not carry on its policy without the support of Labour which, together with the Irish Nationalists, gave the Liberal Government the necessary majority in the House of Commons. This being the case, the Socialist demand for an independent and uncompromising Labour policy was unreasonable, for such a policy would have been unworkable. The danger of being so closely associated with

LABOUR POLICY

the Liberal Party as to become a Wing of it was not very great. The gulf between the two parties was too wide, and their aims too dissimilar.

In 1914 the Labour Party declared by resolution that the aim—not only the ultimate aim—of the Labour movement was to abolish poverty and class-oppression, by bringing land and industrial capital under the ownership and control of the community for the collective good of all.* The mover of this resolution, Mr. Bruce Glasier of the Independent Labour Party, made the astonishing declaration that he, by moving this resolution, did not propose to advocate Socialism. In any case the Conference of the Labour Party, by the above resolution, had declared itself to be not only “ultimately” but actually, a socialistic body.

The question of a Labour programme was of paramount importance in determining the exact position in which the Labour Party stood with regard to the Liberal Party. The Labour Party Conference in 1914 passed the following resolution: “That in order to give the working-classes of this country an opportunity of clearly understanding the fundamental differences between the aims of the Labour Party and those of the capitalist parties, this Conference decides to draft a programme to be adopted by the Party, the same to consist of such items as shall tend to strengthen the working-class in their struggle for emancipation.”† It was argued that the framing of a programme would stimulate public opinion and materially assist propaganda work, that the lack of a programme had caused the prevailing apathy of the Party, and that a definite programme to be put before the members of the trade-unions would stimulate their interest in the Party.

By passing this resolution the Conference recognized the principle that the establishment of definite lines of policy was preferable to the opportunism hitherto pursued. The development of the political situation of the country, however, made it difficult to carry out a definite policy, and throughout the War, as before it, the Party policy was left almost entirely in the hands of the Executive and the Parliamentary Party.

* *Report of the Labour Party, 1914*, p. 113.

† *Ibid.*, p. 121.

CHAPTER XVIII

LABOUR REPRESENTATION IN ENGLAND

1914-1920

WHEN Mr. Asquith, in May 1915, saw that he could no longer carry on a Liberal Government he invited the other parties to co-operate with him in a Coalition Government. The decision of the Parliamentary Labour Party with regard to this invitation is important, not only because of its bearing on Labour politics, but also on account of the breach of the Party constitution which this decision involved. According to clause III of the constitution the candidates and Members of the Party should abstain strictly from identifying themselves with, or promoting the interests of, any other political Party. Nevertheless, the Parliamentary Party, after some hesitation, decided to accept the invitation. The Executive gave this decision at once, whereas the Parliamentary Party hesitated, owing to the doubt whether the Party were within its powers in accepting the invitation without the sanction of a Party Conference. Subsequently, however, it was decided at a joint meeting between the Executive and the Parliamentary Party that, having regard to the extraordinary situation and the urgency of the case, the decision of the Executive should be endorsed by the Parliamentary Party. The Coalition was formed in June, with Mr. Henderson as President of the Board of Education, Mr. Brace as Under-Secretary for Home-Affairs, and Mr. Roberts as Junior Lord of the Treasury, all Members of the Labour Party. When Mr. John Burns joined the Liberal Ministry in 1906 it was the first time that a representative of Liberal Labour had entered the British Government, and in 1915 the Labour Party was represented in the Government for the first time. Only Mr. Henderson occupied a seat in the Cabinet. His presidency of the Board of Education was merely nominal, his chief duties being to act as adviser to the Cabinet on Labour questions, and as chairman of two committees connected with the Ministry of Munitions. In 1916 Mr. Barnes was appointed Minister of Pensions, a newly created office.

In its report to the Party Conference at Bristol in 1916 the Parliamentary Party explained its attitude towards the Coalition Govern-

LABOUR POLICY

ment in the following words: "The step the Party took in this matter was, of course, unprecedented in its history, but it is felt that the circumstances prevailing at the time, and the results accruing from the presence of representative working-class opinion in the Government, have justified the Party in its action*." The Conference also appreciated the position, and confirmed the action of the Executive and the Parliamentary Party in allowing Labour Party representatives to enter the Coalition Government. The Conference declared further that in its opinion the best interests of the nation would be served by the Labour representatives remaining in the Government.† These two resolutions were carried by a large majority, but not without a bitter attack from the representatives of the Independent Labour Party. Thus it was stated, amongst other things, that the press had been inundated with intimations that under certain conditions Mr. Henderson and his colleagues would be prepared to resign from the Labour Party. Mr. Henderson, in reply, challenged that statement most emphatically, and pointed out that when the Parliamentary Party had decided against the Government's Military Service Bill he had tendered his resignation at once, and that the fact that he still remained in office was due to the Party's subsequent reversal of its decision on this measure.

When Mr. Asquith formed the Coalition Government it was not because the majority in the House of Commons was threatened. In reality the Government commanded a considerable majority, with the support of Labour and the Irish Nationalists. It was, however, highly inconvenient to have the whole Unionist Party in opposition, not merely on account of parliamentary criticism but also because many of the most capable men in Parliament were lost to the constantly increasing business of the Government. By the creation of a Coalition Government all the most capable men in Parliament became available, and the Opposition was reduced to a few Members of the Independent Labour Party and some recalcitrant Radicals. The result was that every Government proposal was bound to be carried, and the old parliamentary control-system, which forced a Government to resign or appeal to the country if its Bills were not passed, was in abeyance. In fact the Government had thus become completely oligarchic. Its power, however, was dependent on internal unity, and the only way by which the Government could be forced to resign was by the revolt of a considerable number of its Members. This was what actually happened.

In Mr. Asquith's Coalition programme an inner circle of Ministers

* *Report of the Labour Party*, 1916, p. 55.

† *Ibid.*, pp. 124-6.

had been formed with greater administrative power than the rest. It was found that this arrangement was indispensable to the prosecution of an effective war-policy. Mr. Lloyd George, however, who considered that the policy pursued was not nearly so vigorous as it ought to be under the prevailing circumstances, demanded a still greater concentration of the Government by the formation of a small War Cabinet with absolute and final power, the majority of the Ministers remaining outside the Cabinet. Mr. Lloyd George insisted further that the then Prime Minister should not be actively associated with the War Cabinet. As Mr. Lloyd George's position as head of the War Office was of supreme importance, and as he had secured for himself powerful support from both Liberals and Unionists, it was obvious that his action must lead to a political crisis. In December 1916 the crisis reached a climax and Mr. Asquith resigned office.

The action of Mr. Lloyd George was regarded with much suspicion by the Members of the Labour Party; the Executive even declared that the Party could derive some satisfaction from the knowledge that the methods by which the Coalition Government had been destroyed and its leader deposed were not countenanced by any section or representative of the Labour Party. As a matter of fact Mr. Henderson said, only a few days before Mr. Asquith's Government resigned, that the one man who was indispensable to the Government business was Mr. Asquith, and that no Government at that time could last six weeks unless Mr. Asquith were a Member.*

After Mr. Asquith's resignation the King immediately invited Mr. Bonar Law to form a new Government, and when he declared himself unable to do so Mr. Lloyd George was called upon. He straightway invited the Labour Party, through Mr. Henderson, to co-operate with him in the formation of the new Government, and on December 7th a joint meeting between the Parliamentary Party and the Executive was held in order to discuss the matter. At this meeting Mr. Henderson gave a general survey of the existing situation and of the policy Mr. Lloyd George intended to pursue. It was decided to seek an interview with Mr. Lloyd George, and this was arranged the same day, a great many representatives both of the Executive and of the Parliamentary Party being present. Mr. Lloyd George stated emphatically that the intention in creating a new Government was to get a more vigorous prosecution of the War. He declared that, in his opinion, every consideration should be subservient to this aim, and that he was desirous of having the support of the Labour Party. Mr. Lloyd George indicated the offices and Departments to which he proposed to appoint repre-

* This statement was quoted in a speech at the Conference of the Labour Party, 1917. *Report of the Party*, 1917, p. 88.

LABOUR POLICY

sentatives of the Labour Party. With regard to the policy he intended to pursue, he was going, he said, to institute in the first place State-control of mines and shipping*, and to take strong measures for securing an adequate distribution of food. He intimated further that steps would be taken to mobilize Labour and to inaugurate measures calculated to increase the production of home-supplies. Having made inquiries on several points of policy, the Labour representatives, in order to discuss the situation, held a joint meeting of the Parliamentary Party and the Executive under the presidency of Mr. Wardle who was the chairman of both sides. This Conference decided that the Party should accept the invitation of Mr. Lloyd George to associate itself with the new administration.†

The policy Mr. Lloyd George had outlined was obviously very much in the spirit of the Labour Party. What was the institution of State-control over mines and shipping and the distribution of food but the temporary realization of some of the most prominent measures advocated by the British Labour movement? Another important reason why the Labour Party was glad to accept Mr. Lloyd George's invitation was the opportunity it afforded Members of the Party of gaining experience in the administration of Government offices. The Labour Members had, up to that time, been very much handicapped in this respect. That personal ambition also influenced the decision of the Labour representatives, was, to say the very least, probable. Another circumstance to be remembered is that three important posts were already held by Labour Members who had in this way, during eighteen months, gained gradually a good experience of war-time administration. It was important, therefore, in order to avoid unnecessary re-arrangement of official duties, that these men should continue to serve in the administration.

A few days after Mr. Lloyd George had received the answer of the Labour Party he succeeded in forming the new Government. Mr. Henderson had nominally been appointed Paymaster General, and became a member of the War Cabinet. Mr. Hodge was made Minister of Labour, and Mr. Barnes Minister of Pensions. <Mr. Brace continued to hold office as Under-Secretary for Home Affairs.> All these nominations entitled their holders to Cabinet rank. <Mr. Roberts was appointed Parliamentary Secretary to the Board of Trade, and Mr. Parker was made Junior Lord of the Treasury. Both the Ministry of Labour and the Ministry of Pensions were newly created Departments.

Mr. Henderson, after his return from his special mission to Russia

* The railways were immediately placed under State-control on the outbreak of War.

† *Report of the Labour Party*, 1917, pp. 3-4.

in July 1917, tendered certain advice to the Prime Minister and the other Members of the War Cabinet, with a view to a restatement of the War-aims in accordance with Russian suggestions, and the revision of treaties made during the War. He further recommended strongly the participation of British Labour representatives in the International Conference which it was proposed to hold at Stockholm. The Premier, however, refused absolutely to take any steps in the direction suggested, and would not sanction the issue of passports for delegates to the Conference. Mr. Henderson's action was looked upon with much dissatisfaction by the Members of the Government, and he was obliged to resign office. Nevertheless the Parliamentary Labour Party decided to continue the association with the Government, and Mr. Barnes was given Mr. Henderson's seat in the War Cabinet. Mr. Hodge became Minister of Pensions, Mr. Roberts was appointed Minister of Labour, and Mr. Wardle was made Parliamentary Secretary to the Board of Trade. In July 1918, Mr. Clynes succeeded Lord Rhondda as head of the Food Ministry.

Thus many Labour representatives, in the course of the War, became Members of the Government, and the Party had an opportunity "to mould policy and exercise executive authority in important administrative positions," as the Parliamentary Party desired.* However, opinion in the Labour Party in favour of continued co-operation with the other political parties was not unanimous. As in 1916 so in 1917, it was particularly the clique of the Independent Labour Party which was against Labour Members serving in the Coalition Government, and their bitter attacks on the Labour representatives who had accepted Government offices seem almost to indicate jealousy. Thus Mr. Snowden of the Independent Labour Party wrote in *The Labour Leader* as follows: "It was the offer of offices; neither the call of patriotism nor the programme of the new Government had decided the matter. When the Coalition Government was destroyed by as vile a conspiracy as ever disgraced English political life, the Liberals officially withdrew from association with the authors of the plot. Labour had no sense of honour or decency which compelled it to stand apart from the men who had brought about this result . . . these Labour Members were determined to have the offices no matter who was Prime Minister†." Several of the speakers at the Conference of the Labour Party in 1917 were of the same opinion. In general it can be said of the opposition at this Conference that it was narrow-minded and showed,

* *Report of the Labour Party, 1917*, p. 43.

† Cited by Mr. Clynes in a speech at the Party Conference, 1917. *Vide, Report*, p. 95.

LABOUR POLICY

perhaps more clearly than anything else, a complete lack of knowledge in economic matters, criticizing and misjudging the economic policy of the Government which, in reality, proved to be more effective and successful than that pursued by any other European country at the time. Not even the State-control of mines, shipping, and food-production and distribution was considered to be of any value, and was denounced as a limitation of the freedom of the people. The Socialists who said this did not realize that they at the same time cried "shame" on their own theories. The opposition to the Coalition, however, did not exercise any considerable influence upon the Conference as a whole, which latter body approved of the attitude taken by the Parliamentary Party by a majority of 1,849 votes to 307.

With regard to the organization of Labour Representation during the period surveyed in this chapter several measures call for detailed examination. One of the first of these was the reconstruction of the Joint Board. As we have seen, attempts were made before the War to reconstruct this body, but it was not until 1916 that a definite result was reached. At the Trade Union Congress held in September that year the following resolution was passed, on the initiative of the Miners' Federation: "This Congress believing that the present Joint Board is an overlapping of representation, and that all societies connected with the General Federation of Trade Unions either are, or ought to be, affiliated to the Trade Union Congress or to the National Labour Party, or to both, and believing further that the Trade Union Congress and the National Labour Party are fully representative of the National Labour movement on its trade-union and political sides, resolves that the present Joint Board be dissolved and a new Joint Board set up, consisting of the Parliamentary Committee of the Trade Union Congress and the National Labour Party Executive Committee." At a meeting of these two bodies in October a committee was appointed to draft the constitution of the new Joint Board. This constitution consisted, amongst other things, of the following provisions:

That the Joint Board should consist of four representatives and the secretaries of the Parliamentary Committee and of the Labour Party Executive.

That all expenses sanctioned by the Board should be borne in equal proportion by the two organizations represented.

That the Joint Board should determine, on the application of either of its constituent bodies, the *bona fides* of any trade-union affiliated, or applying for affiliation, to either of the constituent bodies.

That the Board should consider and decide references made to it

LABOUR REPRESENTATION IN ENGLAND 1914-1920

by either of its constituent bodies regarding questions affecting them jointly.

That the Board should consider and agree upon joint-political or other action when such was deemed to be advantageous or necessary and was agreed to by the constituent bodies.

That in cases of dispute between unions the Board might, with the concurrence of the Executive of either of the unions affected, and on the application of either constituent body, use its influence to bring about a settlement. The decision of the Board should be final and binding upon the parties concerned. The Board should decide further where the costs in any such dispute should lie.*

The most striking features of the new constitution were the exclusion of the General Federation, and the wide and authoritative powers with which the Board was endowed. No doubt the Board had an important mission to accomplish. Nevertheless it was gradually placed out of action owing to the fact that as the necessity for closer co-operation became more and more apparent, the two National Committees began to hold meetings regularly each month. This did not mean that the functions of the Board had become less important, but, on the contrary, that they had become so important that it was considered necessary that not only representatives of the two National Committees but the Committees themselves should fulfil these functions. The Joint Board, however, continued its activity, discussing and deciding questions of minor political importance. One of the first joint-actions of the two National Committees was to issue a circular to societies throughout the whole Labour movement, urging their affiliation to both the Trade Union Congress and the Labour Party, and also urging the Executives of the various trade-unions to encourage their branches to affiliate to trade-councils and local Labour parties.

It is interesting to see how the Co-operative movement gradually became ripe for political action. In the preceding chapter it has been shown that the attempt of the Labour Party before the War to persuade the Co-operative unions to join the political Labour movement did not lead to the intended result. At the Congress of the Co-operative movement held at Swansea in 1917 it was determined that a political Co-operative movement should be initiated. An additional incentive, however, was necessary to give the movement a good start.

At the beginning of the War the Co-operative movement had been instrumental in keeping prices down. Instead of paying high dividends, the Co-operative societies preferred to sell their goods at the lowest possible prices. In order to benefit by the low prices

* *Report of the Labour Party, 1917*, pp. 16-17.

LABOUR POLICY

many people joined the societies whose membership increased rapidly. The Government control of the importation and distribution of food, however, made it more and more difficult for the Co-operative societies to carry on their business, and many of them gave up their attempts to keep prices down, and began to make profits, paying high dividends. At first the dividends of the Co-operative societies were free from taxation, but as prices were raised and their profits increased, the Government decided not to grant them this privileged position any longer. Accordingly it was decided that the Excess Profits Duty should apply to the dividends of the Co-operative societies. This action on the part of the Government raised a storm of opposition from the Co-operative movement, and it was decided to send a deputation to the Government in order to complain, and to claim relief from the Excess Profits Duty as far as the dividends of the Co-operative societies were concerned. The Prime Minister, however, refused to take any notice of the claims advanced. The dissatisfaction with the way in which the deputation had been received provided the incentive necessary for starting the political movement among the Co-operative societies.

An emergency Co-operative Conference was called together in October 1917 in order to prepare a scheme for the organization of the Co-operative representation in Parliament. The political programme of the movement, as outlined by the Conference, had in view, amongst other things, the safeguarding of the interests of voluntary co-operation, and the organization of production, distribution and exchange on co-operative lines in the interest of the whole community. Further the Conference recommended measures regarding taxation, banking, agricultural production, housing, education, demobilization, the civil and commercial and diplomatic services, and foreign policy.*

As we see, the political programme of the Co-operative movement covered a large field. On account of the large membership of the Co-operative movement, its entrance into the political arena was highly important. Several Co-operative societies, however, went a step further and joined the Labour Party. Already in 1917 the Political Committee of the Co-operative movement had been invited to co-operate with the Executive of the Labour Party and the Parliamentary Committee of the Trade Union Congress. This invitation was accepted, and several meetings of the three Committees were held in order to consider measures for joint-action at the general election so as to avoid unnecessary friction and rivalry between Labour and Co-operative candidates. The nominees of the Co-operative Congress, however, ran as Co-operative can-

* *Labour Year Book*, 1919, pp. 329-330.

LABOUR REPRESENTATION IN ENGLAND 1914-1920

didates only, and the Co-operative movement as a whole did not give up its political independence, although this was the case with some single Co-operative societies.

The extension of the franchise by the Representation of the People Act, 1918, was undoubtedly one of the most important events in the later history of British Labour representation. This Act increased the total electorate of the country by approximately eight million new voters, six million of whom were women. As most of the new male voters and not a small percentage of the female voters belonged to the working-classes a great opportunity was offered to the Labour Party of adding to its strength. In order to make use of it in the most effective way the Party determined to revise its constitution, with the object, in the first place, of broadening the basis of membership, and, in the second, of establishing a definite Party programme for the direction of the electorate.

According to the new constitution, which was adopted by the adjourned Conference of the Party held in London in February 1918, membership of the Party is open, not only as formerly to trade-unions, Socialist societies, Co-operative societies, trade-councils and local Labour parties, but also to all individual men and women who are members of a local Labour party, and who subscribe to the constitution and programme of the National Party. Before the adoption of this constitution an individual could, in fact, become a member of a local Labour Party, although this principle had not been adopted formally, but he could on no condition be a direct member of the National Party. The individual members of the National Party, however, were represented at the Party Conference only indirectly, by their local organizations.

The constitution of the Party includes not only stipulations with regard to the organization of the Party, but also clauses regarding the existence and the preparation of a Party programme. The Party objects are divided into national, inter-Dominion, and international. Particular stress is laid upon the desirability of brain-workers joining the Party.

The Party shall aim at organizing and maintaining in Parliament and in the country a political Labour Party, and at insuring the establishment of a local Labour Party in every county-constituency and every parliamentary borough, with suitable divisional organization in the separate constituencies of divided boroughs. Further, the Party shall co-operate with the Parliamentary Committee of the Trade Union Congress or other kindred organizations. These provisions obviously have in view the measures by which the aims shall be realized rather than the aims themselves. Some political principles, however, are also indicated in the constitution. Thus

LABOUR POLICY

it is stipulated that the Party shall try to secure for the producers "by hand or by brain" the full fruits of their industry, and the most equitable distribution thereof that may be possible (on the basis of the common ownership of the means of production), and the best system obtainable of popular administration and control of each industry or service. The Party shall promote generally the political, social, and economic emancipation of the people, more particularly of those who depend directly for their livelihood upon their own exertions by hand or by brain.

The embodiment of these Socialistic principles in its constitution was the step by which the Party completed its gradual development into a socialistic body. This step could not have been taken with advantage at a very much earlier stage, because Trade Unionism and the general opinion among the Labour voters were not then so permeated by, or favourably disposed towards, Socialism as was the case when the measure was decided. The introduction of the term "producers by hand or by brain," was a novelty. The recognition of brain-workers as producers, or as labourers at all, was something new. Experience has shown that it widened the field of the Labour movement, and gave the Labour Party a certain quota of members from both the middle-classes and the upper classes.

The inter-Dominion object of the Party, as stated in the new constitution, was to co-operate with Socialist and Labour organizations in the Dominions and Dependencies with a view to promoting the purposes of the Party, and to take common action in promoting a higher standard of social and economic life for the working populations of the different countries.

The international objects of the Party were to co-operate with the Socialist and Labour organizations in other countries, and to assist in organizing a Federation of Nations for the maintenance of freedom and peace, for the establishment of machinery suitable for adjusting and settling international disputes by conciliation or judicial arbitration, and for such international legislation as might be practicable.

With regard to the Party programme, the constitution declared it to be the duty of the Party Conference to decide from time to time what specific proposals of legislative, financial, or administrative reform should receive the support of the Party and be promoted by the National Executive and the Parliamentary Labour Party. No such proposal, however, should be made definitely part of the general programme of the Party unless it had been adopted at a Conference by a majority of not less than two-thirds of the votes recorded in a card-vote. Further, it should be the duty of the National Executive and the Parliamentary Party, prior to every general election, to define the principal issues which should make up the special Party

LABOUR REPRESENTATION IN ENGLAND 1914-1920

programme for that particular election-campaign. This programme should be issued as a manifesto by the Executive to all constituencies where a Labour candidate was standing. Finally, it should be the duty of every Parliamentary representative of the Party to follow the decisions given at the meetings of such parliamentary representatives, with a view to giving effect to the decisions of the Party Conference as to the general programme of the Party.

The extension of the franchise had made the adoption of a programme for the guidance of the voters particularly necessary. Thus the deeply rooted reluctance of the Labour men to adopt a programme had to give way to this pressing necessity, and undoubtedly the establishment of a definite programme was one of the most important measures in the reorganization of the Party. It has been pointed out that the adoption of a programme was not so great an innovation as the newspapers and the public in England and abroad generally supposed, because the successive Annual Conferences had passed resolutions which, regarded collectively, amounted to a fairly complete programme of constructive legislation, wholly collectivist in principle.* This, however, did not alter the fact that very few of the electorate had any real knowledge of these resolutions passed in the course of seventeen years, nor the further fact that these resolutions were very often of a contradictory nature, and that not infrequently the action of the Parliamentary Party was contrary to the principles laid down by the Conference in its resolutions.

A report on the proposed policy of the Party, prepared by a sub-committee of the Executive, was submitted to the Annual Conference of the Labour Party in January 1918. This report, issued as a pamphlet under the title *Labour and the New Social Order*, occasioned considerable remark both in England and abroad. This pamphlet, after revision, was adopted formally as the programme of the Party at the Conference held in June of the same year, and was in reality the basis upon which the election-campaign was fought. Some of the main principles upon which it was built up were as follows :

"It behoves the Labour Party, in formulating its own programme for reconstruction after the War, and in criticizing the various preparations and plans that are being made by the present Government, to look at the problem as a whole. We have to make clear what it is that we wish to construct. . . . The view of the Labour Party is, that what has to be reconstructed after the War is not this or that Government Department, or this or that piece of social machinery, but, as far as Britain is concerned, society itself†." The fundamental principles upon which the Labour Party will base

* S. and B. Webb, *The History of Trade Unionism*, London 1920, p. 697, note.

† *Labour and the New Social Order*, published by the Labour Party, 1918, p. 3.

LABOUR POLICY

this reconstruction are (a) The universal enforcement of the national minimum-wage. (b) The democratic control of industry. (c) The revolution in national finance, and (d) The surplus wealth for the common good.

a. The first of these points has in view the securing of all the requisites of healthy life and worthy citizenship to every member of the community. This is, it is pointed out, in no sense a "class" proposal. The Party proposes to realize the principle of the national minimum-wage by extending such Acts as the Factory Acts, the Mines Acts, the Shop Acts, the Housing Acts, the Education Acts, the Minimum Wage Acts, and so forth.

b. According to the second principle, the democratic control of industry, the Party demands the immediate nationalization of railways, mines, and the production of electric power. The Party further declares itself in favour of the *continued* State-control of shipping and of the woollen-, leather-, clothing-, boot-, milling, baking-, butchering-, and other industries.

The Party thus does not demand, as it had done at the Conference held in 1914, the common ownership of all industrial capital. It is very probable that the experience of Russia had exercised a moderating influence on the opinion of the more thoughtful members of the Party, and that the somewhat modified demands of the Party are explained thereby.

c. By a "revolution in national finance" the Party means first of all a "conscription of wealth" by a capital-levy arranged on a very steeply graduated scale, in order to wipe off the greater part of the National Debt incurred by the War. Further, it recommends that the income- and super-taxes should be thoroughly revised, and more sharply graduated, bearing in mind the number of persons to be maintained by the taxed family. Death-duties should also be increased greatly.

d. The fourth point demands complete confiscation by the State of all surplus-income over and above the general standard of living.*

In *Labour's Call to the People*, which the Party issued at the general election in December 1918, its political programme with regard to both the external and internal situation of the country was summed up. First of all the Party declared that it had left the Coalition Government, and it appealed to the country with a programme that was a challenge to reaction. The chief claims of the Party were : a peace of reconciliation, the withdrawal of the Allied

* In the election-leaflet "Why brain-workers should join the Labour Party" the matter was put as follows : "The Labour Party will divert all surplus wealth to the service of the community, with proper exemption of small savings." "Small savings" is obviously a rather elastic term, and should be defined exactly.

LABOUR REPRESENTATION IN ENGLAND 1914-1920

Forces from Russia ; freedom for Ireland ; no conscription ; the construction of at least one million good houses for the working-classes ; a levy on capital ; the immediate nationalization of land, mines, railways, armaments and electric power ; other industrial and social reforms demanded in points *a-c* of the " Labour and the New Social Order ;" and, finally, complete adult suffrage for women.

Before examining the manner in which Labour fought the General Election in 1918 it may be of interest to notice the attempt made by some trade-unions to separate from the Labour Party and organize a Trade Union Labour Party—an attempt which, had it been successful, would certainly have been a severe blow to the position of the Labour Party. Mr. J. B. Williams of the Amalgamated Musician's Union was the originator of the " sinister conspiracy " against the Labour Party. He issued a circular declaring that, with reference to the resolutions regarding industrial policy which were passed by the Trade Union Congress, 1916 and 1917, it was clearly evident that the trade-unions were competent to deal with industrial policy without the help of the Labour Party. They ought, therefore, to establish a Trade Union Labour Party on lines similar to those on which the Trade Union Congress was set up. The circular, which was sent round for subscription to the different trade-unions, was signed by 15 trade-union officials and 5 other trade-union members, some of whom belonged to unions affiliated to the Labour Party ; two of the officials were members of the Parliamentary Committee of the Trade Union Congress.

It is remarkable that this old question of a purely trade-union political movement should have been brought forward again, and the support the attempt received from the trade-unions undoubtedly proves the existence of considerable division within the political Labour movement. The Executive of the Labour Party and the Parliamentary Committee of the Trade Union Congress, however, decided immediately on strong action in order to deal with the " conspiracy." These two bodies which had, as we have seen, come to an arrangement whereby all subjects of mutual concern should be discussed at the monthly meetings, brought up the above matter at a meeting in April 1918, and by a vote of 10 to 4 the following resolution was adopted : " That this Joint Meeting of the Parliamentary Committee and Labour Party Executive, having considered the circular issued by Mr. J. B. Williams and signed by certain trade-union officials, wherein an appeal is made for the formation of a Trade Union Labour Party, which, in our opinion, is calculated to disrupt a movement built up by years of sacrifice, calls upon those responsible to immediately discontinue such action, and trusts no

LABOUR POLICY

further steps will be necessary to enforce what loyalty to our movement has a right to expect from those holding such responsible positions." This gave the movement its quietus, for although Mr. Williams' circular was supported very strongly by the press, the matter gradually died out. And, after all, what was the Labour Party but a Trade Union Labour Party? The extremely small percentage of Socialist societies which were affiliated to the Party (in 1919, not 2 per cent. of the membership) did not in a ballot count for much in comparison with the other 98 per cent. As a matter of fact the Labour Party is ruled by the trade-union representatives and consequently there was no reason at all why another Trade Union Labour Party should be established. The Parliamentary Committee of the Trade Union Congress, it is true, represented the Congress and the National Executive the Labour Party, but as the Labour Party in reality is a trade-union organization, and cannot exist without the support of the trade-unions, real dissensions between the Congress and the Labour Party, representing merely the industrial and the political sides of the same movement, are impossible. The socialist attitude of the Labour Party is not due directly to the fact that Socialist societies are affiliated to the Party, but to the circumstance that to-day the greater number of the trade-union representatives are Socialists. This cannot be altered by the establishment of a purely Trade Union Party in Parliament, because, as we know from its resolutions, the Trade Union Congress is itself a socialistic body, a fact which, peculiarly enough, has often been denied.*

When the Armistice was concluded, the Labour Party at once decided to leave the Coalition Government as it considered its task in it to be fulfilled. However, no less than four of its representatives in the Government, Mr. Barnes, Mr. Parker, Mr. Roberts and Mr. Wardle, refused to withdraw from their ministerial offices, though their refusal involved dismissal from the Party.

The Labour Party expected to benefit largely at the new election by the extension of the franchise; its expectations were unfulfilled, for although the Party gained a considerable accession of strength, the result of the election cannot be regarded otherwise than as a failure from the Labour point of view. It is worth while to examine the causes which contributed to this failure.

Soon after the Armistice was concluded Mr. Lloyd George decided to dissolve Parliament. Naturally the Coalition Government at

* As early as 1904 the Congress passed a resolution that it should use its best efforts towards furthering the nationalization of the means of production, distribution and exchange (*Report*, p. 91), and in 1905 the Congress requested its representatives in Parliament to introduce a Bill with the object of nationalizing all railways, canals, mines and minerals in the United Kingdom (*Report*, p. 127).

that time could count on very powerful support from vast numbers of the people. The Coalition fought the election with great energy. Mr. Lloyd George had decided to get a majority large enough to tackle the peace-reorganization of the country, and Coalition Liberals and Tories fought well together under the *coupon* device of the Government in order to secure this end. No efforts and no expense were spared to defeat the Independent Liberals and Labour. The danger of Bolshevism was particularly emphasized by the Coalition candidates, and rightly or wrongly, the Labour Party and its supporters were denounced as Bolsheviks.* Mr. Lloyd George's calculations were right, and the result of the election was an overwhelming majority for the Coalition. This is the main reason why the aggregate Labour vote was not larger than it was. There are, however, some other circumstances which must also be taken into consideration, and which explain why the result of the election for the Labour Party was much inferior to what the total Labour vote would appear to indicate.

There is no doubt that to a certain extent the Party miscalculated its own strength when it put into the field 361 candidates, contesting approximately three-fifths of the constituencies in the United Kingdom. Several unsuccessful candidates, it is true, polled a considerable number of votes, as Mr. Snowden at Blackburn, and Mr. Robinson at Oldham, with more than 15,000 votes each; and sixteen other candidates polled more than 10,000 votes each; but in many cases the number of votes polled was ridiculously small compared with the number of votes polled by the other parties. In several instances the candidates were also of the feeblest kind, as appears from discussions at the Conference in 1919, their only merit being that they agreed to vote as they were told. This was the natural consequence of the difficulty of finding competent persons for all the contested constituencies. Another adverse circumstance was that the fighting of so many constituencies was bound to cause a lack of concentration and efficiency in fighting those constituencies where a victory was possible. This naturally pulled down the total result of the election. The same effect, but probably in a still higher degree, was produced by the fact that the Labour voters in some parts of the country were distributed too equally, and in other parts were over-centralised. Equal distribution of voters, it is true, is in itself no disadvantage if only the number of votes in each constituency are great enough to return the candidate of the Party, but so soon as these numbers are too low, equal distribution becomes a very great disadvantage; it causes the Party to lose a whole set

* As a matter of fact the Bolshevik *British Socialist Party* fought the election under the auspices of the Labour Party.

LABOUR POLICY

of constituencies instead of a few, as would be the case with a more unequal distribution. The election-campaign itself is of very great importance, especially for a Party of which the members are equally distributed, because a few votes may turn the scale between a great victory and a crushing defeat. As the Coalition candidates had an enormous advantage in the election-campaign in consequence of their popularity, it was obvious that the even distribution of the Labour vote would be fatal to the Party in constituencies where the contesting parties were of fairly equal strength. On the other hand the concentration of the Labour voters in the industrial districts, where a large number of surplus-votes were cast for their candidates (which might have found a better use in other constituencies had the distribution of the working-class population been more even) naturally pulled down the result. Yet another reason why the election-campaign of the Party failed was the imperfect knowledge of the newly appointed Party agents who had to organize the fight in the constituencies. In some cases the agents, through ignorance of the Corrupt Practices Act*, had allowed gambling on election-results in the constituencies, with the result that some Labour candidates were disqualified ~~though they had obtained a substantial majority at the polls.~~ Finally, it must be remembered that a great many soldiers never received their ballot-papers, and never had the chance of voting. All these circumstances together help to explain the comparative failure of Labour in the election-campaign.

Nevertheless, in discussing the failure of the election-campaign as concerned Labour we do not mean that the result was inferior to that obtained at the previous election. This was not the case, as the Party returned 57† candidates as against only 42 at the November election in 1910. But it is as compared with the extension of the electorate and with the total vote polled by the Labour candidates that the campaign must be considered as a failure. The total electorate of the country had been approximately doubled by the extension of the franchise, and, out of the total vote of 10,808,003 polled for all candidates, the Labour candidates received 2,244,945 votes, that is to say more than one-fifth, while the number of returned Labour candidates was only about 8 per cent. of the total membership of the House of Commons. With regard to this fact the Executive of the Labour Party promised in its report to the Conference of the Party, 1919‡, "to reconsider what further reforms are necessary if the democratic forces of the country are to be represented

* 58-59 Victoria, ch. 40.

† At the opening of Parliament three candidates of the Independent Labour Party and one of the Co-operative movement joined the Labour Party, thus increasing its total membership to 61.

‡ *Report of the Conference*, p. 21.

in future Parliaments in proper proportion to their voting strength."

In any case, the result of the election of 1918 was that the Labour Party became the strongest Party in opposition the Independent Liberals who still adhered to Mr. Asquith being very inferior in number. The position of the Labour Party as the strongest party of the Opposition, together with the probability of an enormous increase in Labour representation at future elections fought under more favourable circumstances, have made the possibility of a Labour Government a problem of the day, and the question whether Labour is fit to govern has been much discussed lately on the platform and in the press. On the one hand it has been argued that Labour cannot find men with the qualifications necessary for Cabinet Ministers in its ranks, while on the other it has been emphasized that, if Labour became the strongest Party or combination in the House of Commons, it would have to govern. This latter argument seems to be the only reasonable and possible one. The pronouncements as to the qualifications of the Labour Members made by their political adversaries can hardly be regarded as an unprejudiced judgment, and, if the Conservatives and Liberals are defeated at the polls by Labour, there is no doubt that they will be less qualified to govern than Labour.

CHAPTER XIX

THE POLITICAL LABOUR MOVEMENT IN GREAT BRITAIN, FRANCE, AND THE SCANDINAVIAN COUNTRIES. GENERAL SURVEY

It has been found expedient to summarize here some of the essential features in the development and general character of the political Labour movements in the five countries with which we are here concerned. It should be borne in mind, however, that this survey is intended merely to serve as a guide to a general judgment, not to take the place of the complete text and present its matter in a concentrated form.

I—GENERAL TENDENCIES

It is an interesting coincidence that the United Socialist Party in France and the National Confederation of Trade Unions in Norway were formed in 1899—the year which witnessed the creation of the Labour Representation Committee in England. The National Confederations in Sweden and Denmark had been established the previous year, and the General Confederation of Labour was formed in France in 1895; the fusion between the Confederation and the National Federation of Labour Exchanges was completed in 1902. In other words, the centralization of the political Labour movements in Great Britain and France, and of the trade-union movements in Sweden, Norway, and Denmark, took place in the course of less than two years, and after three more years the centralization of the French trade-union movement was accomplished.

This extraordinary and almost simultaneous development of Labour in Great Britain, France, and the Scandinavian States at the end of the last and the outset of the present century marked the beginning of an entirely new period in the history of Labour in these countries. The main forces which produced this movement towards the economic and political emancipation of the working-classes were, on the one hand, the increasingly difficult industrial situation which checked further improvement in the economic standard of the working-classes, and, on the other, the growing

POLITICAL LABOUR MOVEMENT—GENERAL SURVEY

influence of Socialism which was gradually taking the place of Liberalism whose hold on the political thought of the manual workers was beginning to slacken. The capture of public powers by the proletariat, organized as a class-party, was the desire of the London Conference of the Second International of 1896, and has been the leading principle of the political Labour movement ever since.

A remarkable change in the general outlook and character of the Labour movement has taken place during the present century. Whereas the Labour movement during the last century aimed merely at improving the living-conditions of the working-classes by means of increased wages and social reforms, the ever-dominating object of the Labour movement in the present century has been that it should increase its power, politically as well as economically, in order to overthrow the present social order and substitute for it an ideal social order based upon socialist or syndicalist principles. So far as the attainment of political and economic power is concerned, this new policy has been extremely successful. But the rapid growth in the power of organized Labour has been a source of danger in more ways than one. Incompetent and unscrupulous Labour leaders who suddenly find themselves in positions of great power are unable very often, to resist the temptation of using their power, e.g. by declaring strikes or stirring up unrest, although such actions may be opposed clearly to the interests of society as a whole, or even of the working-classes. The danger of socialist and syndicalist propaganda has increased in proportion to the development of the Labour organizations. The following words of the European Commission of the U.S.A. Industrial Conference Board are worthy of consideration : " The preaching of socialistic doctrines, persistent, aggressive, irresponsible, for selfish purposes, is having its effect upon the organized workers. The forces which, undirected or wrongly directed, have brought the industries of Great Britain to such a critical condition, should not, by our careless passiveness, be permitted to produce the same effect upon our own."*

This statement is applicable to the situation in France and the Scandinavian States as well, but it must be remembered that the consequences of industrial unrest are more serious in a pronouncedly industrial country like Great Britain than in those countries where agriculture is still the chief industry.

For the same reason Great Britain is exposed to unemployment considerably more than France and the Scandinavian countries—a circumstance which explains to a large extent the different attitude of British workers as compared with that of French and

* *Report of the Commission, 1919*, p. 404.

LABOUR POLICY

Scandinavian workers towards industrial efficiency. While the latter are disposed favourably towards the introduction of new labour-saving machinery, Scientific Management, bonus-systems, piece-work, and other measures calculated to increase the efficiency and output of production, a large number of British workers to-day not only repudiate all such measures but deliberately restrict production by *ca'canny* methods. They act under the cruel misapprehension that they thus serve their own interests, believing that increased output will result in unemployment and wage-reductions, whereas economic theory and experience for a long time past have established the fact that increased efficiency and output are the only means by which a permanent improvement in the living-conditions of the workers can be secured. The *ca'canny* tendency among the British workers is a canker in the industrial system of Great Britain ; it has heavily handicapped British industries in the competition with foreign countries. It seems incredible that the British workers, who are otherwise of a practical and deliberate turn of mind, should be blind to the importance for themselves of increased efficiency of production—a fact which was realized long ago by their comrades on the Continent. It is of vital importance for the future progress of British industry that not only the press but also the trade-union leaders should enlighten the workers thoroughly on this point.

In the development of the political Labour movement during the present century we can trace two distinct tendencies ; one, international, towards the establishment of uniform principles to serve as a platform for Labour policy in all countries ; the other, national, towards adapting the political Labour movement in each country to the particular social and industrial conditions obtaining in that country, and to the character and mentality of the people.

For our purpose it is important to consider, on the one hand, the leading principles of the Second and Third Internationals, in order to arrive at an opinion as to the general views held by the various Parties affiliated to either International ; and, on the other hand, to compare the main characteristics of the various political Labour movements developed out of the particular social and economic conditions in each country.

2—THE INTERNATIONAL MOVEMENT.

THE great majority of the Labour and Socialist parties represented in the British, French, and Scandinavian Parliaments are affiliated to, or agree in the main with, the principles laid down by the Second

POLITICAL LABOUR MOVEMENT — GENERAL SURVEY

International. The parliamentary influence of the Communists is very slight in all the countries under survey except Norway. In the Norwegian Storting the majority of the Labour representatives are Communists, and the Communists in Norway as in France exercise a large degree of influence upon the Labour movement outside Parliament.

The principal documents which can be used as a basis for comparing the two Internationals are, on the one hand, the resolutions passed at the Geneva Congress of the Second International ; and, on the other hand, the Theses of the Third International issued in anticipation of the International Labour Congress held in Moscow in 1920, the twenty-one conditions of membership of the Third International, and the Constitution of the Russian Socialist Federative Soviet Republic.

Both Internationals agree that all the industries and services essential to the satisfaction of the people's need must be transferred from the ownership and control of capitalists to the ownership and control of the community. But they disagree as to the ways in which this transformation shall be brought about.

The Social Democrats recommend that socialization shall proceed, step by step, from one industry to another, according to the conditions in each country. Further, they repudiate the expropriation of private property, without compensation, not only on the ground that it would be inequitable to cause suffering to special individuals, but also because a process of confiscation would disturb those capitalist enterprises in which socialization was not immediately practicable. It must be remembered, also, that they condemn strongly any tendency to convert automatically an industrial strike into a political revolution.

The Communists, on the other hand, seek to establish the new social order by means of a violent revolution. For this purpose they recommend that there should be created in all countries an "illegal machinery which at the decisive moment will do its duty by the Party and in every way possible assist the revolution."* Judging by the Russian revolution the socialization will presumably be carried out by confiscation laws.

The Social Democrats try to establish the assertion that there will be a large measure of individual freedom in a Socialist Community, a statement which they support by declaring that production by individual peasants working on the *nation's land*,† by individual craftsmen, by artists, or by brain-workers will not be

* No. 3 of the twenty-one conditions.

† The ownership of land will be national, but provisions will be made for the maintenance and security of peasant-cultivators wherever these exist.

LABOUR POLICY

interfered with by the State, provided always that they do not exploit the labour of other persons.

Whether, and to what extent, the same classes of producers will be allowed in a Communist Society to carry on their work without State-interference seems to be a matter for the Dictator to decide. Anyhow, "iron discipline," which is one of the leading principles of the Communist organization, will certainly not leave much margin for individual freedom.

Perhaps the greatest difference between the Socialist and Soviet movements lies in their different attitudes towards political representation. Socialism seeks to base its political organization upon democracy, i.e. "the franchise for a Socialist Parliament must be universal, applying with absolute equality to both sexes, without exclusions on grounds of race, religion, occupation, or political opinions."*

The political organization of a Communist Society, on the other hand, is based upon what is called "the dictatorship of the proletariat." In Russia the franchise is limited to persons over eighteen, whether Russians or aliens, "who earn their living by productive work or by work of social usefulness." Employers, persons living on investments, traders, monks, clergy, members of the Russian Imperial family, and police-officials of the Old Régime are disfranchised. Moreover, all parties who participate in elections must recognize the authority of the Soviet, a clause which explains why the Soviet Government can remain in power, all workers in opposition to the Government being deprived of the means of exercising their political rights. The Bolsheviks explain their attitude with regard to political representation by saying that "an economic organization corresponding to the interests of the working-classes is only possible when the State is in the hands of the working masses, when the strong arm of the workers' dictatorship proceeds to abolish capitalism and to inaugurate a new Socialist construction."†

The differences between the two Internationals are striking and throw a clear light upon the characters of the parties affiliated to them. While the principles of the Second International must, on the whole, be considered consistent ethically, this is obviously not the case with regard to those of the Third International.

It must be remembered that the Communist movement in Russia has arisen as a reaction against the unendurable oppression of the

* Resolution on the political system of Socialism adopted by the Geneva Congress.

† *Report of the Committee to Collect Information on Russia*, Cd. 1240, 1921, P. 4.

POLITICAL LABOUR MOVEMENT—GENERAL SURVEY

working-classes during the Czarist régime. Like most reactionary movements Russian Bolshevism has gone to extremes and has created a dictatorship whose cruelty and policy of oppression go far beyond anything produced by previous Governments. Moreover, this policy is directed not only against the upper classes but also largely against the workers themselves. The power of the Soviet Government is established by force and can only be maintained by force. It cannot claim to represent the Russian people nor even the Russian working-class, as all citizens, whether workers or not, who do not recognize the Soviet authority are deprived totally either of their political rights or of the means of exercising them. It should also be recognized that Russia is largely an uncivilized country.

The peasants form 80 to 85 per cent. of the whole Russian population and 75 per cent. of them are illiterate. Among the remainder of the population the educational standard is extremely low, and the situation has been aggravated considerably since the Revolution by : (1) Grave undermining of discipline in the schools ; (2) irregular attendance due to illness and poverty ; (3) debility caused by malnutrition ; and (4) deficiency of educational materials and of teachers.* Considering these circumstances and the conditions which prevailed before the Revolution, Russia must undoubtedly be classed to-day as, on the whole, an uncivilized country.

In view of this it seems incredible that the Communism of the Third International should have been able to get any footing at all in civilized countries. However, it is important to notice that the working-classes that have been duped by the Russian Bolsheviks are generally of a low intellectual standard. Another remarkable fact is that Bolshevism has had the greatest influence in countries where the parliamentary representation of the workers has made comparatively little progress. This has been the case, for instance, in France and Norway, where the syndicalist tendencies among the workers and the inadequate electoral systems have checked the development of Labour representation.

The principles laid down by the Second International as to the administration of socialized industries show clearly that they have been influenced to a great extent by Guild Socialism. Thus, the Guild Socialist principle that the control of socialized industries must be separated from their administration has been recognized fully by the Second International ; control is to be exercised by the popularly elected National Assembly in each country, and the organs of administration of each industry are to be separated entirely from those of the political Government. Moreover, in

* *Ibid.*, pp. 71-79.

LABOUR POLICY

agreement with the Guild Socialists, the Second International has proposed the organization of National Boards for each industry (composed of workers, management, and representatives of the community), of District Councils for appropriate regional areas (similarly composed), and of Works Committees for each factory. Further, the International has proposed the establishment alongside Parliament in each country of a National Industrial Council, composed of representatives of the various organizations of trades and professions. By investigating and criticizing the industrial conditions of the country this body would enable Parliament to exercise control over the administration of industry.

These proposals as to the future organization of industry in a Socialist Community are obviously made with a view to preventing the danger of bureaucracy which is indissolubly bound up with the establishment of a purely Marxian organization of society.

The whole spirit of the resolutions passed at the Geneva Congress of the Second International and of these proposals in particular, makes us realize that the British Socialist movement has exercised a strong influence upon the International Labour movement.

3—NATIONAL CHARACTERISTICS OF THE POLITICAL LABOUR MOVEMENTS IN THE VARIOUS COUNTRIES UNDER SURVEY.

In order to explain the general characteristics of the political Labour movements in Great Britain, France, and the Scandinavian States it is necessary to consider in the first place the mentality of the working-classes in the various countries.

The French as well as the Scandinavian workers are of a systematic turn of mind, and like to define the ultimate object of their aspirations even if this seems somewhat remote and phantastic. Moreover, they are generally avowed optimists. In these respects the French and Scandinavian workers are alike. But they also exhibit great differences; while the French workers are aroused easily by propaganda and fiery speeches and are quick to embrace new ideas and movements, the Scandinavian workers (Norwegian workers excepted) are generally slow in forming their opinions, but when they have once given themselves up to an idea they hesitate for a long time before they abandon it.

Unlike the French and Scandinavian workers the British workmen are generally opportunists and practical. They are disinclined naturally to look further into the future than they can see clearly, and therefore they consider in the first instance their opportunities for improving their living-conditions in the near future. They are, too, generally pessimists, and decline to accept theories or

POLITICAL LABOUR MOVEMENT — GENERAL SURVEY

ideas which seem to be in the least impracticable or phantastic. However, they have one important characteristic in common with the Scandinavian workers and that is their determination to stick to a principle which they have once made their own.

These differences in the national characters of the three races are reflected in the development of the Labour movements in the respective countries.

In France the Socialist movement has been embraced for a long time past by the working-classes, but is divided into a large number of different movements having separate objects and based upon different theories. Therefore, there is no unity in the French Labour movements. Not only are the political and economic Labour movements separated, but each of them is split up into extremist and moderate groups.

In Sweden and Denmark Marxian Socialism penetrated early and has ever since been the leading movement among the workers. The Social Democratic Party in each country has completely controlled both the political and economic Labour movements. As a result of this unity the political and economic organizations of the workers are extremely efficient. In Norway on the other hand, syndicalist and bolshevist tendencies have split the Labour movement and have weakened it both politically and economically.

The socialist ideas penetrated very slowly into the political thought of the British workers, the Marxian ideas being too phantastic to appeal to their practical minds. It was under the pressure of the difficult industrial situation (which caused wide-spread unemployment and checked all improvements in the living-conditions of the workers) and after the economic as well as legal reverses experienced by the trade-unions at the outset of the present century, that Socialism first began to make any progress among the British working-classes. The slow development of Socialism explains why the Socialist organizations in Great Britain have not developed to anything like the same extent as in Sweden and Denmark where they control not only the political, but also the economic, side of the Labour movement. In Great Britain the modern Labour movement was started by the trade-unions and they have kept their leadership of both sides of the movement ever since. All attempts by Socialist federations or parties to capture the trade-union movement have failed ; it was only when socialist principles penetrated into the trade-unions themselves and were made part of their movement that the British Labour movement became socialistic. But it is important to notice that the practical British trade-unions

LABOUR POLICY

did not abandon themselves to Socialism unconditionally. They never accepted a Socialism which did not suit the character of the British workers. They gradually moulded the socialist idea of foreign origin into a form which suited the British conditions. In this way British Socialism has become a mixture of Trade Unionism and Marxian Socialism. This process has removed the most phantastic ideas of the latter movement and has transformed Socialism from a movement of Utopian propaganda to one of more practical importance. This is the type of Socialism which the British working-classes and the Labour Party have made their own, and which is spreading rapidly to the Continental countries, bringing an element of reality into the Socialist movements of these countries. The following points constitute the breach with the traditional Marxian Socialism made by the British Socialist school :

I. Inclusion on a large scale of brain-workers in the political Labour movement.

II. Rejection of the idea of a violent revolution as a means of establishing the new social order.

III. Nationalization to be carried out by legal measures, and not until the people as a whole are in favour of the measure.

IV. Nationalization to be carried out by purchase, not by confiscation.

V. Rejection of the idea of a general strike to bring about a revolution.

VI. Prevention of bureaucracy in nationalized industries, to be accomplished by separating the administrative and the political departments.

VII. Recognition of the rights of the consumers.

VIII. Recognition of the principle of equal political rights for all citizens.

It must be remembered that the tendencies of modern Socialism in Sweden and Denmark have followed lines similar to those of the British Socialist movement, although in the former countries the breach with tradition has been less marked, and the principles of the new movement towards the democratization of Socialism less well-defined, than in Great Britain.

It is not only the character of the French people that is responsible for the peculiar type of the Labour movement in France, but also very largely the industrial situation. The fact that the industries are not concentrated in large centres but spread generally all over the country, producing mainly for local markets, explains the tendency of the Labour movement towards decentralization. The workers in the various factories in the different parts of the country are unable to keep in contact with each other for

POLITICAL LABOUR MOVEMENT—GENERAL SURVEY

purposes of united action. Each group of workers in a town or district is more or less isolated from the workers of other towns and districts, and is confined to independent action. It is out of these conditions that Syndicalism has developed in France as well as in Norway, where the industrial situation is similar. The increasing tendency towards industrial concentration and the idea of the general strike however, have given rise to an inclination towards centralization of the French Labour movement. That this movement has been held back is a result of the rupture between moderate and extremist Socialists and Syndicalists.

It is strange to notice that, while British Trade Unionism and Guild Socialism have exercised a soothing influence upon the French Labour movement, the influence of French Syndicalism has produced the opposite effect in Great Britain, creating a rebellious spirit among the workers which is far more serious in the large industrial centres of this country than in the decentralized French industries. Thus Great Britain on the whole has suffered from the intercourse between the Labour movements of the two countries, whereas France has profited by it.

The policy of direct action and the idea of the general strike have been much discredited by recent events. The general strikes in Sweden, 1909, and in France, 1920, and the big coal-strike in England, 1921, have proved sufficiently that extensive and lingering strikes, whilst injuring the employers and the *bourgeois* classes, cause suffering of a far more severe description to the workers themselves who are generally not in a position to support life properly without receiving wages. Since the workers have begun to realize that they must always in the long run be the losing party, as they have to abandon the struggle long before the *bourgeois* class can be forced to submit, extensive strikes have become more and more unpopular among the working-classes.

It is interesting to notice that the mere threat or declaration of a general strike has often proved much more effective than strikes really fought out. Thus, for instance, the British Government in the spring of 1919 appointed the Coal Commission under the menace of a general strike; the declaration of a general political and economic strike in Denmark in 1920 forced the Government to give way to the demands of the Socialist Party; and the threat of a general strike in Norway in 1915 prevented the Government from introducing compulsory arbitration in trade-disputes. It must, however, be remembered that in each of these cases the weak position temporarily of the respective Governments explains the success of the strike-menace; in England the urgent need of coal for productive purposes after the War, and the insufficient supplies

of coal in London, did not permit the Government to expose the community to the danger of a strike ; in Denmark the Government did not command a majority in the Diet ; and in Norway the external political situation and the general shortage of goods explain the attitude of the Government.

The tendency of modern Socialism towards democratization is remarkable. In fact Socialism is gradually changing from a class-movement into a social movement. This development is bound to proceed further. As middle-class and intellectual people join the movement more and more its original character will be modified, and the danger and difficulty of carrying through large-scale nationalization will be recognized more fully. If and when the Socialists are placed in a responsible position, before any advance can be made towards realizing their theories, they will sooner or later be obliged to recognize the following principles :

I. That the output of production must increase at least at the same rate as the increase of the population. If not, society as a whole including the working-classes will be impoverished.

II. That industries, when once nationalized by State-purchase at their full value, must pay their way, and must not necessitate further increases of taxation which would not only mean reduced output but would also sooner or later lead to State-bankruptcy.

It is when confronted with these principles that any responsible Socialist Government must hesitate.

The attitude of the Socialist Cabinet in Sweden affords a striking example of prudent and skilful Socialist policy. On the one hand, the Government has realized to the full the necessity of avoiding all precipitate measures for the transformation of capitalist society ; on the other, it has had to pursue a distinctly Socialist policy in order that it may not lose the support of the rank and file. For this purpose the Government has appointed two Committees, one to inquire into the question of nationalization, the other to examine the problem of industrial democracy. As a basis for the investigations to be carried out by the former and as a guarantee against hasty recommendations, the Prime Minister has laid down the principle that at all events the output of production must be maintained. The report issued by the Committee has been marked by competence and moderation. It may be of interest to consider the following quotations from this report : " Thus the conclusion must undoubtedly be drawn that an equal distribution of wealth would necessitate a direct danger that capitalization would be too small." " The very uneven distribution of wealth can therefore provide a solution of the problem of particularly strong capitalization. If this latter is necessary and would not

arise under completely even distribution of wealth, it seems as if, at present at least, there is nothing else to do but to recognize the economic necessity, from this point of view, of a very uneven distribution of wealth." . . . "Under an equal distribution of wealth the citizen would probably feel that the annual expenses for the purpose of national capitalization were a great economic sacrifice."* These remarks show clearly that the members of the Nationalization Committee are not blind to the important functions of privately owned capital.

Like the British Socialists the leaders of the Swedish and Danish Social Democrats recognize clearly that it is impossible to carry nationalization into practice before the majority of the people is in favour of the measure. Considering the opposition to nationalization among the peasant and *bourgeois* classes in Sweden and Denmark it seems very unlikely that it will be possible within a reasonably near future to obtain a majority in Parliament in favour of nationalization. In Sweden, where the Social Democrats are the strongest party in the Diet, they still have a considerable majority against them on nationalization questions, Conservatives, Liberals, and peasants forming a united front—a fact which explains partly the moderate policy pursued by the Socialist Government.

The improbability of being able to obtain a majority in favour of nationalization is even greater in the French Parliament than in Sweden and Denmark, not only because of the still more numerous peasant and *bourgeois* classes, but also largely because of the incomplete organization of the working-classes and the split between the various Labour movements. The inadequate electoral system has also helped to check the development of Labour representation in France.

The situation in Norway is very similar. It must be remembered however, that the opinion of the Norwegian *bourgeois* and peasant-classes is more unaccountable and might be turned more easily in favour of nationalization.

The parliamentary situation with regard to the prospects of forming a majority in favour of nationalization is entirely different in Great Britain. The much larger working-class, relatively, (three quarters of all persons with occupations are manual workers), the small middle-class, and the non-existence of an independent peasant-class, are all circumstances calculated to facilitate the formation of a Labour majority in the House of Commons; and from this point of view it is remarkable that the Labour Party has not already returned a majority to Parliament.

* G. F. Steffen, *Socialiseringsfrågans Förutsättningar och Läge i England*, Stockholm 1921, pp. 498-99.

LABOUR POLICY

However, there are many circumstances which hold back the development of independent Labour representation in Great Britain. First of all it must be noted that a large number of workmen generally vote in favour of Tory and Liberal candidates. Out of the 6.6 million trade-union members in 1918 only one-third voted for Labour. Further, the Labour Party is handicapped at elections by the existing qualifications as to occupation as well as by the electoral system which does not admit of the Party being represented in Parliament in proportion to its voting strength. However, these latter obstacles to the development of Labour representation are more or less temporary and may be removed easily. The main restraint on independent Labour representation is the attitude of the workers themselves. They do not necessarily vote as they are told to by their leaders. In this respect the party-discipline is not nearly so strong among the British workers as, for instance, among the Scandinavian. In England the workers vote first of all for persons, not—as they do in the Scandinavian countries—for lists. It therefore happens not infrequently at elections that a really distinguished representative of the Tory Party can outvote a Labour candidate even in a Labour district. Moreover, it must not be forgotten that the present social order with all its drawbacks is still popular among large sections of the working classes. It is characteristic of the present social system in Great Britain that there is no real difficulty for any man or woman of ability of however humble an origin, to rise from one social class to another. The road to the highest offices and to the most exalted social positions is open to every citizen. A social system, where every one would be equal and where there would be no reward for individual ability and deeds of valour, does not appeal to the British mind. Another important factor to reckon with is the *bourgeois* press. Its continuous anti-nationalization campaign has exercised undoubtedly a considerable influence upon the opinion of the British working-classes as regards socialist doctrines.

All these circumstances help to explain why, in spite of the existing disproportion in size between the working-classes and the *bourgeois* class, the prospects of forming a Socialist majority in the House of Commons are still very remote.

The persistent attempts made by the Russian Soviet Republic to re-establish the system of private capitalism which they once tore down will provide the Socialists of other countries with food for thought.* No doubt it is only a question of time till the

* The following extract from the telegram sent by M. Chicherin (Russian People's Commissary for Foreign Affairs) to the Governments of Great Britain, France, and Italy, respecting the Genoa Conference [*Vide*, Cd. 1637, 1922],

POLITICAL LABOUR MOVEMENT—GENERAL SURVEY

Socialists in all countries will be obliged to recognize, firstly, that privately-owned capital is indispensable for high efficiency of production and for the maintenance of output in proportion to the increase of the population ; and, secondly, that adequate representation of the workers in Parliament will safeguard sufficiently the interests of the workers, even under a system of private ownership and individual freedom. After all, high efficiency of production is the most important problem the workers have to face, because there are not many among them to-day who would, when it came to the point, substitute a system of nationalization with a twelve-hours' working day at half pay for the present industrial system with an eight hours' working-day at full pay.†

may be of interest : " The (Russian) State cannot confiscate property except for the same reasons as are admitted under all civil codes. Goods which may be requisitioned must be paid for within a month at the average market price. Special decrees guarantee the freedom of trade within the country, while the monopoly of foreign trade is reserved for the State. But even in the latter field of enterprise, special conventions authorize participation by private capital. The decree limiting the quantity of valuable possessions and currency that may be owned by one individual has been rescinded. The liberty to possess and circulate gold coin and precious metals is guaranteed by law. The formation of private companies for commerce or credit operations is regulated according to principles adopted by all civil codes."

† Real wages in Russia, as measured by the price of bread, have been reduced to 3 per cent. of their normal rate. Cd. 1240, 1921, p. 97.

CHAPTER XX

THE LEGAL POSITION OF TRADE UNIONS

It is proposed in this chapter to give a general survey of the legal position of trade-unions in trade-disputes; the legal position of trade-unions with regard to political activity has been dealt with already in connection with the development of Labour representation in the different countries which have been passed under review.

I—FRANCE

FRANCE, like England, has gone through a time when combines of workmen were illegal and punishable. The French law of June 14th-17th, 1791, known by the name of its author as the Law *Le Chapelier*, corresponds to the British Combination Laws of 1799-1800. Under the French law all combines of citizens belonging to the same class or profession were declared to be unlawful and opposed to the fundamental principle of the French Constitution.* This law was the expression of the Liberalism of the French Revolution which did not tolerate any restrictions on freedom of industry and competition. The Penal Code of 1810 provided, in the same spirit, that all combines of workers or employers in order to restrain industry or labour were illegal, and that all citizens joining or associating with such combines should be liable to imprisonment for a period not exceeding three months, and to fines up to 600 francs.† It was not until 1864 that the provisions as to the punishment of workers and employers, who took part in combines, were repealed. An Act of May 25th of that year declared that the above provisions of the Penal Code should apply only to those combines which endeavoured by means of "*Violence, voies de fait, menaces, ou manœuvres frauduleuses*" to bring about cessation of work in order to increase wages or otherwise restrict the free development of industry. After the passing of this Act the legal position of the workers' syndicates was much the same as that of the British trade-unions after the passing of the Act of 1825, i.e. combines of workers which did not come within the meaning of the term "conspiracy" were permitted by law, but had no legal rights or duties, and their representatives were

* Art. 1 and 2.

† Art. 414-416.

THE LEGAL POSITION OF TRADE UNIONS

not allowed to plead in court. The French workers, unlike their English comrades, were not particularly anxious to secure the legal recognition of their syndicates ; all they desired was the repeal of those provisions of the Penal Code which related to the punishment of " conspiring " combines.*

In 1884, however, M. Waldeck-Rousseau, who was then Minister of the Interior, introduced a Bill which provided for the legal recognition of workers' and employers' syndicates. In spite of Socialist and Conservative opposition in Parliament the Bill was carried in both Chambers and was promulgated on March 21st the same year. This law recognized legally the workers' and employers' syndicates, and conferred upon them the right to be represented in court without other restriction than that they should be registered according to the provisions of the Act. The syndicates had the right to appropriate the subscriptions of their members, but could not acquire property other than that which was necessary for their conferences, lectures, and libraries. The definition of the kind of syndicate to which the Act applied was that it should be a professional syndicate whose object was " the study and defence of economic, industrial, commercial and agricultural interests."†

The French law did not declare collective agreements between workers' and employers' associations to be unenforceable legally. It did not, however, give any positive pronouncement as to whether such agreements should be legally binding or not. But, as the collective agreement was compatible with the statutory objects of a syndicate, it was natural to consider the syndicate as legally responsible for carrying out collective agreements. Although in judicial practice this view was taken in many cases‡ the matter has been much debated.§ The uncertainty of the Act of 1884 as to the question of the legal enforceability of collective agreements has therefore necessitated special legislation on this point.

On July 3rd, 1902, it was proposed in the Chamber of Deputies that there should be added to Article 4 of the Act of 1884 (which specified some of the functions of a syndicate) the following clause : " They (i.e. syndicates) can enter into collective agreements concerning the conditions of work, take legal action in this respect, and obtain damages in case of non-fulfilment of such contracts."|| This proposal was lost.

* *Vide*, L. Jouhaux, *Le Syndicalisme et la O.G.T.*, Paris 1920, p. 64.

† Art. 3.

‡ I. Finance, *Les Syndicats Professionnels devant les Tribunaux et le Parlement depuis 1884*, Paris 1912, pp. 358 seq ; and G. Olin, *Kollektivavtalet i den Ulländska Lagstiftningen*, Stockholm 1911, p. 30.

§ H. Elmquist, *Den Kollektive Arbejdsoverenskomst*, Copenhagen 1918, p. 59.

|| *Op.*, I. Finance, *Ibid.*, p. 365.

LABOUR POLICY

The question, however, was taken up by the *Société d'études législatives* which in 1904 published a memorandum on the matter.* The reforms proposed by the Society were taken into consideration by the Government, and on July 2nd, 1906, the Minister of Commerce, M. Gaston Doumergue, introduced a Bill which was based very largely upon the principles laid down by the Society's scheme.† The collective agreement was defined as an agreement preceding the individual agreement between employers and workmen and determining its general principles. These agreements should be legally binding; and in case of non-fulfilment or rupture of contract the complainant party, or one of its members, had the right to sue the defaulting party for damages. The Bill was referred to the Standing Commission on Labour which issued its report on December 27th, 1907. The Commission declared the Government scheme to have been "drawn up somewhat hastily" and disapproved of most of its clauses. It was suggested that an amendment should be added to the Civil Code (art. 1781) to the following effect: "Collective labour agreements, preceding the conclusion of individual labour contracts and entered into for the purpose of deciding certain conditions which they seek to satisfy, can be established between an employer or an association of employers, on the one hand, and, on the other, a syndicate or an association of employees or between their respective representatives."‡ This amendment was obviously intended to confer formal and legal recognition on collective agreements. The Commission's Report was never considered by the Chamber of Deputies, but on July 11th, 1910, the Government introduced a Bill relating to collective agreements, which was based for the most part on the lines proposed by the *Société d'études législatives*. This Bill was carried by the Chamber of Deputies but thrown out by the Senate in August, 1913. The matter, however, was taken up again and was settled finally by the Act on collective labour agreements (March 25th, 1919) and by the Act on the extension of the civil rights and duties of professional syndicates (March 12th, 1920).

The Act of 1919 defines the collective labour agreement as a contract between employers' and workers' associations settling and determining certain stated conditions which the individual labour contracts have to fulfil. These collective agreements are binding contracts unless definite provision is made to the contrary.§ The Act of 1920 provides that syndicates under the Act of 1884 shall

* *Bulletin de la Société d'études législatives*, 1904, p. 465.

† Articles 12-20.

‡ *Report by M. Chambon to the Chamber of Deputies*, Session, 1907, No. 1409.

§ Labour, Art. 31-32.

THE LEGAL POSITION OF TRADE UNIONS

enjoy full civil rights. They can enter into collective agreements with all other syndicates, societies, or enterprises. All such agreements fall under the regulations of the Act of March 25th, 1919.

Although the Act of 1884 did not declare expressly that syndicates of State-employees were unlawful they have always been so regarded by French jurists. Naturally there has been a constant struggle to change this state of affairs, and Syndicalists and Socialists have pressed for legislation which will recognize the right of this class of workers to establish syndicates. The very day after the Act of 1884 came into force a syndicate of Post Office employees was created,* but its life was short as it was suppressed immediately by the local authorities. A great many subsequent attempts on the part of State-employees to create syndicates of their own met with the same fate. On November 17th, 1891, the Government was asked in the Chamber of Deputies to make a declaration of its policy in this respect ; and M. Jules Roche, who was then Minister of Commerce, declared that he could not recognize the right of State-employees to form syndicates under the Act of 1884, because if they did this their syndicate would be against the representatives of the people : Parliament had given the right to employers and workers to form syndicates in their private interest ; but if State-employees organized themselves into syndicates they would oppose their private interest to the public interest represented by Parliament and the Government. It was clear that Parliament did not pass the Act of 1884 in order to enable State-employees to profit by it at the expense of the people as represented by Parliament. Organizations of syndicates of State-employees would lessen the sovereignty of the State and could not therefore be allowed.† This declaration was approved by the Chamber of Deputies. Two and a half years afterwards, however, the Chamber reversed this decision. On May 22nd 1894 the Minister of Public Works, M. Jonnart, declared it to be the opinion of the Government that the employees of the State-railways were excluded from the benefit of the Act of 1884. On the conclusion of the debate the Chamber passed the following resolution : " This Chamber, considering that the Act of 1884 applies to workers and employees of the State as well as to those of private industries, invites the Government to respect and facilitate its execution in this sense."‡ The result of this resolution was two-fold : the resignation of the Government and the immediate formation of a great many syndicates of State-employees. These syndicates were permitted for the time being, but in 1904 and onwards the Law Courts began

* I. Finance, *Ibid.*, p. 72.

† I. Finance, *Ibid.*, p. 74.

‡ R. Verfeuil, *Les Syndicats de Fonctionnaires*, Paris 1920, p. 8.

LABOUR POLICY

to give decisions which were opposed to the resolution of the Chamber of Deputies. In some cases the decisions of the courts have been carried out and the syndicates dissolved, in others the syndicates have been left undisturbed. The Socialist Group in Parliament and the General Confederation of Labour, however, have pressed constantly for a law which would put an end to this uncertain and difficult position, and finally in 1919 they almost succeeded in attaining their object. The Act of March 12th, 1920, on the extension of the civil rights of trade-syndicates contained in the original draft a clause conceding legal recognition to syndicates of State-employees except soldiers, policemen, magistrates and prefects. This clause, to the anger of the General Confederation of Labour, was rejected by the Senate. In defiance of this decision the Confederation started to organize syndicates of State-employees. The latest phase in the struggle of the Syndicalists and Socialists for the recognition of such syndicates was that the dissolution of the General Confederation was ordered on January 13th, 1921, by the eleventh *Chambre Correctionnelle*, on the ground, amongst other things, that the Confederation had attempted to organize State-employees.

There are certain provisions of the Act on collective agreements of 1919 which call for special attention.

We have already seen that, according to this Act, a collective agreement is considered to be a legally binding contract, the contravention of which involves liability for the payment of damages. The Act, however, declares expressly that only those who are actually parties to the agreement are bound by it. Thus the provisions of a collective agreement between a workers' syndicate and an employers' syndicate of a certain trade or district are not regarded as having been accepted as a basis for individual agreements entered into by all the workers and employers in that same trade or district. Legislation to this end was recommended by the *Société d'études législatives*, but the idea did not meet with approval in Parliament.

The Act of 1919 is based upon the principle that a collective agreement shall be legally binding "only on those who desire it, and only so far as they desire it."* It must be noticed, however, that the Act does not prevent the inclusion in collective agreements of terms which make the individual freedom of the workers in this respect illusory. Thus, for instance, a collective agreement may contain a clause to the effect that all employers bound by the agreement are to employ only workmen who are members of a syndicate. In this way a worker may be compelled, in order to find employment,

* Gaëtan Pirou, *The Theory of the Collective Labour Contract in France*, *International Labour Review*, 1922, No. I., pp. 35, seq.

THE LEGAL POSITION OF TRADE UNIONS

to join a syndicate which is party to a collective agreement of which he disapproves. The French Law Courts have upheld the validity of such clauses, and have maintained, also, that legal action in respect of a collective agreement cannot be brought by a third party who is not bound legally by the agreement.* This last principle was also definitely settled by the Act of 1919.

Another important provision of the Act is that contracts between individual workers and employers who are parties to a collective agreement are nullified in respect of provisions which are contrary to the terms of the agreement. In order to ensure that the agreement shall be respected by all members of the contracting parties they have either to give their written consent to it or run the risk of being expelled from the party after eight days' notice allowed for withdrawal. It is obvious that this clause increases the collective responsibility of the syndicates.

"If collective agreements," says Professor Pirou, "are to have a legal status corresponding to the economic realities of to-day, one factor in those realities which must be faced resolutely is the deficiency and diversity of organization among employers and workers."† This is undoubtedly true, but it must be remembered that the mere fact that the funds of the workers' syndicates are liable to attachment for damages constitutes a permanent obstacle to the development of these organizations. In this way the granting of a legal status to collective agreements has been instrumental in checking the development of economic Labour organization in France.

2—SWEDEN

UNTIL the last few years the legal position of the Swedish trade-unions was defined very badly for no special trade-union legislation existed. Swedish law makes a distinction between *economic associations*, as for instance joint-stock companies and other joint-concerns working for profit, and *ideal or non-economic associations* (including religious, philanthropic, political, temperance-, shooting-, and sporting-associations). According to Swedish law trade-unions and employers' associations are also regarded as "ideal" associations. In consequence of the varied character of ideal associations it has not been possible to establish any uniform legislation for such associations, and this is the simple reason why the legal position of the trade-unions has been defined so badly up to 1915; then the Supreme

* Decisions, by the Civil Court of Lille, 28th Nov., 1912; by the Court of Appeal at Douai, 13th June, 1913; and by the Court of Cassation, 24th Oct., 1918. G. Pirou, *Ibid*, pp. 44-45.

† G. Pirou, *Ibid*, p. 47.

LABOUR POLICY

Court of Justice (Högsta Domstolen) gave some decisions which cleared up the matter considerably.

According to legal practice the Swedish trade-unions have been allowed to appear in court so soon as they have any firm organization, without having been obliged to register in any way. Their legal rights and responsibility, however, were, prior to 1915, far from clear. The employers have pressed constantly for legislation giving the trade-unions, as well as their own associations, full legal rights and responsibilities; they have done this mainly in order to secure the enforceability of collective agreements. The trade-unions, on the other hand, have been opposed to all such legislation.

Under the influence of the employers the Diet in 1899 requested the Government to inquire into the legal position of ideal associations, and to make proposals for its regulation. The Committee appointed by the Government for this purpose issued its report in December 1903, and recommended the registration of ideal associations, including trade-unions, before they could acquire legal rights. The Government accordingly introduced a Bill to this end into the Diet, but it was rejected. Several similar Bills were introduced subsequently, but all of them failed. The most remarkable of these Bills was that introduced by the Government in 1911. According to this Bill the registration of ideal associations, carrying with it full legal responsibility, was a necessary condition for the acquisition of full legal rights: partial legal rights, however, could be acquired by non-registered ideal associations, i.e. they could defend legal actions brought against them but they had no right to advance or support claims in court. This Bill was not successful and no attempts in the same direction have been made since.

According to Swedish law an agreement between two or more economic associations is binding legally. But what the situation would be if an economic association, for instance a joint-stock company, made an agreement with a trade-union (which is a non-economic association) was a question which was left unanswered for a long time. As all agreements must be based upon reciprocity it is clear that the joint-stock company cannot be legally responsible for the fulfilment of the agreement if the trade-union is not: both parties must be on the same footing; either both should have the right to claim damages for breach of agreement, or neither of them. Swedish and French legislation has chosen the first alternative,* British the second.

In 1911 the Government introduced a Bill† regulating collective

* *Vide*, Östen Undén, *Kollektivavtalet enligt gällande Svensk Rätt*, Lund 1912, pp. 186, *seq.*

† Royal Proposition, No. 43, 1911.

THE LEGAL POSITION OF TRADE UNIONS

agreements. First of all the principle was laid down that such agreements were enforceable by law, and that damages could be claimed if their provisions were violated. This Bill also made the remarkable provision that the parties to a collective agreement should under no circumstances be allowed to organize strikes or lockouts so long as the agreement was in force, not even if the terms of the agreement provided to the contrary. (The principle embodied in this clause is known under the name of *Revingelinjen*). Violation of this rule should be considered as breach of contract, and damages could be claimed for loss caused by the strike or lockout. The Bill was rejected by the Second Chamber.

On December 22nd 1911 the Svea Hovrätt (Court of Appeal) gave its decision in an action brought by a joint-stock company against the trade-union of which its workers were members. In an agreement between the company and the trade-union it had been expressly stipulated that, so long as the said agreement remained in force (in this case up to April 1st 1912), no strike or lockout should be declared by, or take place between, the contracting parties under any circumstances whatever. In spite of this stipulation the trade-union on August 1st 1909 joined in the general strike at the invitation of the National Confederation. The company claimed damages for the loss by the strike. The defending union argued that, as the strike was a *sympathetic strike*, the action should be dismissed. The court, however, granted the company damages for the loss caused by the strike, as it was an obvious violation of the collective agreement. The trade-union appealed against the decision to the Supreme Court of Justice, but on May 22nd 1915 the appeal was dismissed and the decision of the Court of Appeal confirmed.*

On the same day the Supreme Court of Justice gave its decision in another case between a joint-stock company and a trade-union. The company had brought an action against the trade-union in order to recover damages for loss caused by a strike. According to a collective agreement between the employers' association to which the company was affiliated and the trade-union to which the company's workers belonged, strikes or lockouts were not to take place during the period for which the rates of pay were fixed by the agreement, but disputes were to be settled by a special board of arbitration appointed by the two parties. In spite of this stipulation the trade-union had joined in the general strike of 1909 which took place during the period fixed by the agreement. The Magistrate's Court, as well as the Court of Appeal, dismissed the action on the grounds that the strike was a *sympathetic strike* (i.e. not organized for the

* *Nytt Juridiskt Arkiv*, 1915, pp. 240, seq.

LABOUR POLICY

purpose of changing the rates of pay fixed by the agreement), and that the agreement did not expressly prohibit the organization of strikes other than those which had in view an alteration of the rates of pay. The Supreme Court of Justice confirmed the decision of the Court of Appeal.*

The legal position of Swedish trade-unions as parties to collective agreements was established by the two decisions just quoted. The unions have the right to defend themselves in court. They have full civil responsibility for the carrying out of the collective agreements which they have signed. Consequently they must also have the right to promote civil actions in court. Purely sympathetic strikes do not constitute a violation of a collective agreement unless this agreement contains special provisions against such strikes.

The civil responsibility of employers' associations and of trade-unions with regard to collective agreements has been laid down by the Act on the Settlement of Trade Disputes (May 28th, 1920) which contains the provision (§ 10) that collective agreements are legally enforceable according to Common Law.

It may be of interest in this connection to consider the Swedish law on picketing, although it is not, as in British law, bound up with legislation on trade-disputes. The Diet in 1899 carried the famous so called *Åkarpslagen*, which amended chapter 15 § 22 of the Criminal Law. This section has played almost as great a part in Swedish Labour policy as the Taff Vale decision has done in British. It provided that any attempt by violence or threat to force another person to take part in a strike, or to prevent him from returning to work or from accepting work offered to him, is punishable by penal servitude up to a maximum of two years. The pickets could be punished, whether their efforts to persuade persons to abstain from work had been successful or not, and irrespective of the form of their threats. It is clear that this provision dealt a tremendous blow at the strike-policy of the trade-unions, and, if strictly enforced, it would have made even peaceful picketing almost impossible. The trade-unions and Socialists were strenuous in their opposition to this obnoxious section. In 1904 and the successive years down to 1914 the Social Democratic Labour Party proposed in the Diet that *Åkarpslagen* should be repealed. In 1912 the Liberal Government took the matter in hand, and, although the section was not repealed, in 1914 it was amended so as to reduce the punishment from penal servitude to a fine or imprisonment in cases where the violence or threat was not of a character to warrant a heavier penalty. Attempts to persuade a person to abstain from work can now only be brought to the notice of the court by the

* *Ibid*, pp. 233, *seq.*

THE LEGAL POSITION OF TRADE UNIONS

aggrieved person himself, unless he has actually been forced to abstain from work when action can be taken by the Public Prosecutor.* The Socialists, however, are far from being satisfied with this solution. They claim the complete abolition of this "clear class law, which directs its poisoned point against organized workers†."

In fact it cannot be denied that, as it stands, *Åkarpslagen* is a class-law which protects "blacklegging" and renders picketing to a very large extent ineffective. This naturally adds to the strength of the employers who in many cases have been able to substitute workers from other districts for those on strike. It may be noticed that the Ministry of Justice has proposed the complete repeal of *Åkarpslagen*, and very probably this will soon be effected.

3—NORWAY

THE legal position of the Norwegian trade-unions was first established by the Trade Disputes Act of August 6th 1915. According to the Report of the Departmental Committee on Arbitration, November 20th, 1909,‡ the prevailing opinion originally as to collective agreements between employers' and workers' associations was that they could not be enforced by law, but that the carrying out of the agreements depended entirely upon the good-will of the contracting parties. This opinion was based not only upon a doubt as to the legal responsibility of trade-unions and associations of employers but also upon the idea that it was never the intention of the contracting parties to a collective agreement that it should be completely binding and enforceable by law. This view gradually gave way to the opinion that collective agreements ought to be considered legally binding contracts, and, in a few cases where legal action was brought in consequence of breach of such agreements, the Law Courts took this attitude.

According to the above Report the position at law with regard to collective agreements in 1909 was mainly as follows: (1) If one or other of the parties to a collective agreement failed to carry out its engagements it could be compelled to do so by means of fines, which were gradually increased until the engagement had been carried out. (2) If a party made arrangements by which the agreement was broken it could be fined and made to pay damages. (3) A trade-union could not be forced to compel its individual members to respect the provisions of a collective agreement. The union could, however, be made to expel a member who broke the agreement, unless it assumed full responsibility for his actions.

* *Criminal Law*, Ch. 15, §§ 22 and 24.

† Quoted from *The Report of the National Confederation*, 1914, p. 67.

‡ Appendix III., pp. 14-15.

LABOUR POLICY

The first attempt to regulate the legal position of the Norwegian trade-unions was made in 1902 when a Bill was introduced to the Storting which provided for the registration of trade-unions and for conciliation and arbitration in trade-disputes.* This scheme, which combined the question of trade-union law with the question of conciliation and arbitration, was rejected by the Storting. The question, however, was taken up again in 1907 which was a year of great industrial unrest. The Storting ordered the Government to appoint a Committee to inquire into the question of compulsory arbitration in trade-disputes, and in 1909 this Committee issued its Report together with a scheme for the establishment of compulsory arbitration. The Trade Disputes Act of 1915 was based in the main upon the recommendations and proposals of the Committee. This Act, which will be examined in detail in the following chapter, is here dealt with only with regard to those provisions which affect the legal position of trade-unions.

The Trade Disputes Act of 1915 defines a trade-union as an association of at least 25 workers or of workers' associations, which has an executive committee, and whose object is to protect the economic interests of the workers with regard to their employers. An association of employers is defined as a combination of employers, or of employers' associations, which has an executive committee, and whose object is to protect the interests of the employers with regard to their workers. Registration of trade-unions and employers' associations is compulsory. If an individual contract between a workman and his employer contains a clause which is contrary to the terms of a collective agreement affecting the employer and the workman the clause of the individual contract is void. A trade-union or an association of employers is legally responsible for breach of collective agreements and for cessation of work, against the stipulations of the Act, by or on the part of its members, provided always that such breach or cessation is authorized by the union or association. When deciding damages for loss caused by breach of a collective agreement or by unlawful cessation of work, the Arbitration Court established under the Act shall take into consideration not only the actual loss but also the circumstances under which the said breach was occasioned. Damages for loss may be dropped completely under very extenuating circumstances. Finally, it may be noticed that in respect of the rights or duties of the individual members of a trade-union or of an employers' association, bound by a collective agreement, legal action can be brought only by or against the union or association which is party to the agreement.

* Proposition No. 111 to the Odelsting, 1902.

THE LEGAL POSITION OF TRADE UNIONS

4—DENMARK

THE legal position of the Danish trade-unions is regulated by the Act of April 12th 1910 which established a permanent Court of Arbitration. Before this time the legal position of the trade-unions was, as in Sweden and Norway before 1915, not very well defined. Some decisions of the Law Courts make it possible, however, to get an approximate idea of the situation before 1910.

Before the Court of Arbitration Act of 1910 came into force, trade-unions as well as employers' associations had the right both to defend themselves in court and to bring legal actions. This right naturally carried with it certain legal responsibilities. As regards the keeping of collective agreements Danish legislation adopted as a rule the following attitude.*

A distinction was made between the obligation of a party to respect the provisions of an agreement as to wages, hours and other working conditions, and the obligation to respect the regulations as to industrial peace.

A breach of an agreement in respect of wages, etc., (by employing, for instance, an individual workman at a lower wage than that established in the agreement), does not cause the trade-union as such any direct loss. Therefore it was not considered equitable to grant the trade-union damages in this case. Nor was it considered right to grant damages to the workman concerned, since he had accepted the lower wage voluntarily, by his individual contract with the employer. Breach of an agreement in respect of working-conditions (for instance, of certain sanitary provisions) was not regarded as sufficient ground by itself for the award of damages to the injured trade-union. It may be noticed that the injury caused to a workman could hardly be estimated in this case.

The Law Courts, however, took a different attitude concerning the obligation of a party to respect those provisions of an agreement which related to industrial peace. If a trade-union, contrary to the provisions of an agreement, organized a strike, the employer sustained a real loss through the stoppage of work. This loss, moreover, could be estimated; it was considered equitable to award him damages equivalent in amount to the loss he had sustained. A trade-union also could be awarded damages in compensation for the sums it had paid to its members during a lockout which had been proclaimed by an employer or association of employers contrary to the provisions of an agreement.

The attitude of the Danish Law Courts previous to the year 1910 was undoubtedly biased in favour of the employers, for they were

* H. Elmquist, *Den Kollektive Arbejdsoverenskomst*, Copenhagen 1918, p. 30.

LABOUR POLICY

almost always able to recover damages from the trade-unions, whose chief means of attack and defence was the organization of strikes; the trade-unions, on the other hand, could not, as a rule, recover damages if the employers paid lower wages than those which had been stipulated for by an agreement. It must be remembered, however, that if one party to an agreement broke it the other party was freed thereby from all obligation to keep it. If, therefore, an employer paid lower wages than those contracted for in a collective agreement with a trade-union, this union was perfectly free to organize a strike either as a means for recovering the lost wages, or for any other purpose. But, even admitting this, the advantage always lay with the employer, as he was able to choose the moment for breaking the agreement, whereas a trade-union ran the risk of incurring a penalty.

Before 1910 Danish legislation with regard to collective agreements differed from similar legislation in the other Scandinavian countries and in France where, so soon as the principle of the legal enforceability of collective agreements was established, these agreements could be enforced in respect of all their provisions. This attitude was adopted by Danish legislation also in 1910.

There was a great deal of industrial unrest in Denmark in 1908. The main disputes were settled, however, by an agreement between the two national organizations of employers and trade-unions. One clause in this agreement, which was drawn up by the Minister of the Interior, stipulated that there should be appointed a Joint Committee, composed of representatives of the National Confederation of Trade Unions and of the General Association of Employers, for the purpose of preparing a Bill to provide for the establishment of a court for industrial arbitration. This Bill, which was carried by the Diet on April 12th 1910, not only provided for the establishment of a Court of Arbitration but also settled the legal position of the Danish trade-unions and associations of employers.

The most important point of the Act of 1910 is certainly the ruling that a collective agreement between an employer or an association of employers, on the one hand, and a trade-union, on the other, can be enforced by law in respect of all its provisions. An employer who does not observe the provisions of an agreement as to wages or working-conditions can not only be forced to pay the difference in wages, and to carry out the agreement as to its stipulations on working-conditions, but can also be fined. The Act contains, further, the remarkable provision that if a collective agreement in force between an association of employers and a trade-union is violated by one or several members of the association, or by a

THE LEGAL POSITION OF TRADE UNIONS

group of trade-union members, the aggrieved party can bring legal action against the party to which the offenders belong. In this way trade-unions and employers' associations have been made legally responsible, within limits to be decided by the Arbitration Court, for certain actions committed by their members, even if these latter are not acting on their authority.

5—GREAT BRITAIN

THE Acts of 1824 and 1825 * which repealed the Combination Laws of 1799-1800† made combines of workers as well as strikes legal, but trade-unions were left completely outside the law, having neither legal rights nor legal duties. Therefore the liability of a trade-union could not be enforced by law, neither was a trade-union protected by law against wrongful acts. The case *Hornby v. Close* in 1867 proved that a trade-union was not protected even against fraud on the part of its own officials, and this gave rise to an active agitation for the legal recognition of trade-unions.

The claims of the workers in this respect were met by the Trade Union Act of 1871‡ according to which the executive of a trade-union can both sue and defend in a court of justice in cases which concern the property of the union. But no agreement between one trade-union and another can be enforced legally. It is very important to remember this because, according to the terminology of the Act, the term trade-union means an association of employers as well as one of workers. Consequently a collective agreement between a trade-union and an association of employers cannot be enforced by law. The question whether an agreement between an individual employer or a company, on the one hand, and a trade-union, on the other, could be enforced legally was much disputed for a time, but legal practice moved in the direction of depriving agreements made by a trade-union of all legal force. As we shall see presently, the Trade Disputes Act of 1906 settled the question in a similar manner. This Act fixed the legal position of British trade-unions in trade-disputes. Some of the main incidents which led up to it and which induced Parliament to pass it are dealt with below.

In August 1900 the employees of the Taff Vale Railway Company in South Wales proclaimed a strike on their own initiative, and were supported by the Amalgamated Society of Railway Servants. In order to maintain an effective service the management of the

* 5 George IV., Ch. 95 ; and 6 George IV., Ch. 129.

† 39 George III., Ch. 81 ; and 40 George III., Ch. 106.

‡ 34 and 35 Victoria, Ch. 31.

LABOUR POLICY

Company then made arrangements to substitute railway men from other parts of the country for the strikers, and a large number of men arrived at Cardiff in order to start work on the railway. The new workers, however, were prevented by the strikers from entering the service of the railway, frequently by force. Mr. Bell, the Secretary of the A.S.R.S., issued and circulated among the new workmen a leaflet the gist of which was contained in the following terms: "There has been a strike on the Taff Vale Railway since Monday last. The Management are using every means to decoy men here whom they employ for the purpose of blacklegging the men on strike. Drivers, firemen, guards, brakesmen, and signalmen are all out. Are you willing to be known as a blackleg? If you accept employment on the Taff Vale, this is what you will be known by." When the new workmen arrived at Cardiff the A.S.R.S. offered to pay their fares home if they wished to return. A few days afterwards the Taff Vale Company appealed to the High Court for an injunction against the Society. This was granted in the following terms: * "It is ordered that the defendants, the Amalgamated Society of Railway Servants, their servants, agents and others acting by their authority be restrained, until the trial of the action or until further order, from watching or besetting, or causing to be watched or beset, the Great Western Railway station at Cardiff, or the works of the plaintiffs, or any of them, or the approaches thereto, or the places of residence, or any place where they may happen to be, of any workmen employed or proposing to work for the plaintiffs, for the purpose of persuading or otherwise preventing persons from working for the plaintiffs, or for any purpose merely to obtain or communicate information, and from procuring any persons who have or may enter into contracts with the plaintiffs to commit a breach of such contracts and that the costs be costs in action." The Court of Appeal reversed this decision, but in July 1901 the Judicial Committee of the House of Lords restored the judgment, which was thereby settled finally.†

Not only was the Taff Vale decision of importance to the two bodies directly involved in the case but, though this was not immediately realized by the trade-unions in general, it had the most widespread consequences for the whole trade-union movement. The decision of the Lords established the principle that a trade-union could be sued either in its registered name or in the name of its officers, not only for criminal acts committed by its officials or other members and for which they were individually responsible according to criminal law, but also for non-criminal actions which

* Mr. Justice Farwell presided over the Court.

† *Law Times Reports*, 1900-1, vol. 17, pp. 698-700.

THE LEGAL POSITION OF TRADE UNIONS

caused an employer pecuniary loss. As a matter of fact, owing to the Taff Vale judgment, the trade-unions became responsible in civil law for any loss caused to an employer by a strike supported by the unions, and, as the *raison d'être* of a strike is to bring economic pressure to bear upon the employer in the form of pecuniary loss, it was obviously absurd for a union to declare and carry on a strike, as it would have to repay to the employer the exact amount he had lost through the strike. The total sum which the Amalgamated Society of Railway Servants had to pay in damages to the Taff Vale Railway Company amounted to £23,000 and the expenses of the Society in consequence of the Lords' decision has been estimated at approximately £42,000.* It has been said that by the Taff Vale decision the trade-union funds were endangered, but much more than this was endangered. In reality the whole strike-policy of the trade-unions, and consequently their very existence also, were threatened.

As a result of this judgment one trade-union after another was sued and mulcted in damages. In this way the whole trade-union movement gradually became aware of the great danger to which it was exposed by the Taff Vale decision, and as a consequence the feeling of the unions was aroused.

The policy of the Parliamentary Committee of the Trade Union Congress proceeded on two main lines. Its object was to secure certain amendments to the existing Trade Union Acts, i.e. with regard to the protection of the trade-union funds, and to the law relating to picketing. The efforts of the Committee were supported by many of the more prominent members of the Liberal Party.

In February 1902 the Parliamentary Committee met several Members of Parliament in order to discuss the methods by which the above-mentioned purpose could be achieved.† The result of this meeting, however, was rather unsatisfactory, but an agreement was reached on one point, viz., that the sick and benefit-funds of a trade-union must be safeguarded. It was proposed that, for the effective protection of these funds, each union should have a subsidiary organization with the power of collecting, obtaining, and distributing funds for sick and benefit-purposes. By thus completely separating the sick- and benefit-funds from the strike-funds it was considered that the former could be safeguarded most effectively. It was proposed also that each trade-union should be empowered to hand over from time to time any of its funds by way of gift to the subsidiary organization. The intention of this proposal was obvious; when an injunction was issued

* S. and B. Webb, *History of Trade Unionism*, London 1920, p. 601.

† *Report of the Trade Union Congress*, 1902, pp. 3-14.

LABOUR POLICY

against a trade-union, the union would simply hand over its funds to the sick- and benefit-organization and thus escape the payment of damages. Such a proposal, unmasked as it was, could not possibly be considered seriously, much less accepted, by the House of Commons. At the same meeting it was suggested also that a Bill to amend the law relating to picketing should be introduced into Parliament. The import of this Bill was as follows : It should be lawful during a trade-dispute for any person, whether on behalf of a trade-union or not, to attend at any place where another person worked or resided, for the purpose of peacefully persuading him to abstain from working, without breaking any existing or legally-binding contract of hiring or service. According to the Conspiracy and Protection of Property Act, 1875, it was not lawful (1) to use violence or threat of violence in order to persuade a person not to work ; (2) to follow him persistently from place to place ; (3) to hide the tools or other property owned by him ; (4) to follow him in disorderly manner with two or more persons ; finally (5) to watch or beset the house where he was residing. But " attending " in order only to obtain or communicate information was not considered as watching or besetting.* The intention of the proposal made at the meeting was that any persuasion which did not involve the use or threat of violence should not be regarded as " watching " or " besetting " within the meaning of the above-mentioned Act.

At a meeting held on the 6th of February of the same year between the Parliamentary Committee and Lord James of Hereford and Mr. Ritchie, as representatives of the Government, the Taff Vale case was discussed further. Sir Charles Dilke, who was the chief spokesman of the trade-unionists, stated that in his opinion the meaning of the legislators of 1875 was that there were three kinds of picketing : firstly, one which was directly forbidden by the law (the above mentioned points 1-5) ; secondly, one which was allowed explicitly by law (to obtain or communicate information) ; and, finally, one which was not mentioned in any law and was permissible, namely " to persuade peacefully." After this statement there followed a discussion on the precise nature and meaning of " peaceful picketing," but the result seems to have been unsatisfactory. In fact there was one point which was overlooked completely, namely that in a crowd of strikers and their sympathizers engaged in picketing a place in order to persuade persons not to work, there must inevitably be a considerable amount of implied threatening which may at any moment become active. This latent threatening has often been the very reason for the strikers' success, because

* 38 and 39 Victoria, Ch. 86, section 7.

THE LEGAL POSITION OF TRADE UNIONS

it makes many people afraid to work against the will of the menacing crowd. To jump to the conclusion that such persuasion is peaceful and free from violence is unreasonable, even if direct violence has not been used, because the appearance of peace and freedom from violence may be deceptive. In any case it is impossible alike for the legislator and for the judge who did not see the picketing crowd, to decide whether it was peaceful or not.

In May 1902 the following motion was introduced into the House of Commons: "That legislation is necessary to prevent workmen being placed by judge-made law in a position inferior to that intended by Parliament in 1875." This motion was, it is true, rejected by a small majority but the debate on it presents several interesting points. Thus, Mr. Bell, who was, as is well-known, one of the most conspicuous figures in the Taff Vale case, pointed out that, during the progress of the strike on the Taff Vale railway, two men who interfered with the running of a train—an act condemned by Mr. Bell and all sensible people—had been sentenced to six weeks imprisonment with hard labour. These men, Mr. Bell continued, deserved all they got, and he did not complain of that, but he considered it monstrous that the employers should have claimed and received compensation for the damage done by these men.* In fact there had been a double action; one against the members of the union, who committed a crime according to criminal law; and one against the union as such, according to civil law. This was what seemed right in the eyes of the Law Lords but wrong in those of the Trade Unionists. But these two bodies of men looked upon the case from quite different points of view. The Lords desired a guarantee against the repetition of such an act; the Trade Unionists acted on the presumption that a trade-union, as such could never commit any tortious act.† It is particularly important to notice this latter point since Labour advocated, and finally obtained, legislation based upon this presumption. The Attorney-General, Sir Robert Finlay, drew the attention of the House to the fact that the Taff Vale decision had nothing whatever to do with the question of picketing, and that the only point decided in that case was that a trade-union was liable to be sued for acts done by its officials acting officially, but not for an act of any individual member.‡ The Attorney-General's statement is astonishing, particularly when one considers, firstly, that picketing by the trade-unions was one of the causes of damage which (according

* *Debate on the Taff Vale Case*, published by the Co-operative Printing Society Ltd., London 1902, p. 2, *seq.*

† *Ibid.*, p. 7.

‡ *Parliamentary Debates*, 1902, Vol. 108, Col. 309-314.

LABOUR POLICY

to the Lords' judgment in the Taff Vale case) had to be paid for ; and, secondly, that the trade-union which was sued was compelled to pay also for the damage caused by the members who had interfered with the running of the trains. In any case, although the debate did not throw much light on the subject, one point (which was emphasized by Sir Henry Campbell-Bannerman also) was made perfectly clear, namely that the laws relating to trade-disputes were in an almost hopeless state of confusion.

The next important step in Labour policy with regard to the legal position of the trade-unions was the convening of a meeting of representatives from the Labour Representation Committee, the Parliamentary Committee of the Trade Union Congress, and the Management Committee of the General Federation of Trade Unions. The invitations to this meeting, which were sent out by the Parliamentary Committee, proposed : (1) that the meeting should consist of the London members of the Parliamentary Committee and of three representatives from each of the other two bodies mentioned above ; (2) that the meeting should consult as to the feasibility of taking concerted action in the next session of Parliament, in order to obtain the reversal of the Taff Vale decision, and (3) that the meeting should discuss the best means of obtaining as much support as possible for the Bill on picketing of which Mr. Bell had taken charge on behalf of the Parliamentary Committee. The first meeting was held in December 1902 and a Sub-Committee was appointed to prepare a Bill for the legalization of peaceful picketing and persuasion. The Bill, which was introduced into Parliament by Mr. Shackleton, provided that picketing should be lawful (1) for the purpose of obtaining information peacefully or communicating it, as well as (2) for the purpose of peacefully persuading any person to work or abstain from working. As we know, the first point was already provided for by the Conspiracy and Protection of Property Act, 1875. The Bill declared further that an agreement or combination by two or more persons to perform any act in furtherance of a trade-dispute should not be ground for an action if such act when committed by only one person were not actionable. This Bill, however, was shelved in May, 1903, before it had reached its second reading.*

At this time the Government promised to appoint a Commission to inquire into the legal position of the trade-unions. When this Commission was appointed, however, the three above-mentioned Labour Committees declared that in their opinion the Commission was appointed only to hinder the early settlement of the point at issue, and that they were not satisfied with its composition as

* *Public Bills*, 1903, No. 7.

THE LEGAL POSITION OF TRADE UNIONS

it included several members who had shown themselves to be antagonistic to Labour bodies. As a protest against the appointment and composition of the Royal Commission the three Committees refused to give any evidence before it, and requested the officials of the different Labour organizations to follow the same course.

It was obvious that so long as there was a Conservative majority in the House of Commons the attempts made by the political Labour organizations to secure legislation for protecting the trade-union funds and the right of picketing could not possibly meet with much success. According to Mr. and Mrs. Webb it was even believed that the Royal Commission was told privately not to report until after the general election, "in order that the Conservative Government might not be embarrassed by the dilemma."* Meanwhile a new Trade Unions and Trade Disputes Bill, a revised edition of Mr. Shackleton's Bill, had been introduced by Mr. Paul-ton, and in April, 1904, by the help of the Irish Nationalists the Bill obtained a second reading by a majority of 33. Sir Frederick Banbury, however, moved a resolution that the Bill should not be referred to the Grand Committee on Law; this was passed, and consequently the Bill was shelved.

The Labour Members in Parliament, nothing daunted, decided to reintroduce the Bill, and Mr. Whittaker took charge of it. The Parliamentary Committee made every effort possible to secure the second reading of the Bill.† Thus, in order to bring the question before the country, a series of meetings was organized in London, Manchester, Birmingham, Sheffield, Dublin, Newcastle, Glasgow, and Cardiff, and the following resolution was put at each meeting: "That this meeting calls upon the Government to afford facilities for the passing of the Trade Unions and Trade Disputes Bill, the second reading of which has secured a substantial majority in the House of Commons, and further pledges itself not to support any parliamentary candidate who fails to declare his intention to vote for the Bill."§ The Committee further asked the organizations which were represented at the Trade Union Congress of 1904 to urge upon the Members of Parliament in their localities the necessity of voting for the Bill. Before the second reading of the Bill in March, 1905, a large number of representatives of the Parliamentary Committee attended in the lobby of the House of Commons in order to interview the Members of Parliament as to their opinions with

* *History of Trade Unionism*, London 1920, pp. 605-606.

† *Public Bills*, 1904, No. 8.

‡ *Public Bills*, 1905, No. 2.

§ *Report of Trade Union Congress*, 1905, pp. 53-60.

LABOUR POLICY

regard to the Bill. The Irish Party promised to support the Bill on condition that the Parliamentary Committee recommended the next Trade Union Congress to alter the title of the Bill from "Trade Unions and Trade Disputes Bill" to "Trade Unions, Trade and other Disputes Bill," and to alter also the general description of the Bill from "a Bill to amend the Law relating to Trade Unions and Trade Disputes" to "a Bill to amend the Law of Conspiracy and the Law relating to Trades Unions and Disputes." The Committee accepted the conditions of the Irish Party and received its support. On the days immediately preceding the date of the second reading of the Bill special Whips were sent out to the Members of Parliament in order to persuade them to vote for the Bill. The result of these efforts was that their immediate object was secured. The second reading of the Bill was passed by a majority of 122, and the House of Commons resolved that the Bill should be taken to the Standing Committee on Law to which 5 Labour Members were appointed. So far everything went well, but in the Standing Committee the Bill was destined to meet with new difficulties.

The Trade Unions and Trade Disputes Bill differed from that originally introduced by Mr. Shackleton mainly in respect of Clause 3 which provided that an action should not be brought against a trade-union or other association of individuals, registered or unregistered, for the recovery of damage sustained by any person or persons by reason of any act committed by a member or members of such trade-union or association. In the Standing Committee Mr. Galloway moved the following amendment to the Clause which related to peaceful picketing and persuading: "Provided that no person shall, after being requested by any person annoyed by his conduct, or by any constable instructed by such person, to move away, act as wilfully to obstruct, insult, or annoy such person." The amendment was agreed to by 20 votes to 17. This new phase of the question was not at all to the liking of the Labour representatives. A Conference of the Parliamentary Committee was summoned in order to discuss the matter, and decided that, unless the amendment were withdrawn, the whole Bill should be withdrawn, since the amendment was absolutely fatal to the Bill. Consequently at the next meeting of the Standing Committee Mr. Whittaker declared that he wished to withdraw the Bill owing to Mr. Galloway's "destructive" amendment. This motion for withdrawal was seconded by Mr. Bell but was rejected by the Committee after a heated discussion. Mr. Whittaker and several of his supporters then left the Committee room. Subsequently it was proposed that Clause 2 of the Bill, which provided that an agreement between two or more

THE LEGAL POSITION OF TRADE UNIONS

persons to commit any act in furtherance of a trade-dispute should not be ground for an action if it were not so when committed by a single person, should be deleted. In view of the diminished number of Liberal and Labour Members it was almost certain that this proposal would be carried by the Committee. After an angry speech by Mr. Burns, therefore, the remaining supporters of the original Bill left the room. After further discussion the Committee decided that the Bill, after the deletion of Clause 2, should be reported to the House. Later on, however, the House decided, on the motion of Mr. Whittaker, that the Bill should be withdrawn.

We have here a typical example of the difficulties with which the Labour Party had to contend. It was clear from the outset that so long as the Conservative Party was in power it would do its utmost to prevent the realization of the aims of the Trade Unionists, and we have seen that it succeeded, in spite of the desperate efforts made by the Parliamentary Committee and by the Liberal and Labour Members in Parliament. But the situation changed immediately the Liberal Government came into office.

On December 21st 1905 the new Prime Minister, Sir Henry Campbell-Bannerman, accompanied by the Lord Chancellor, received a deputation from the Parliamentary Committee of the Trade Union Congress which urged him to introduce as early as possible a Trade Disputes Bill, founded on the same principles as the Bill supported by the Parliamentary Committee. The Prime Minister, who admitted the importance and urgency of the matter, promised that the Government would introduce at an early date a Bill on the general lines of the Parliamentary Committee's Bill.

Meanwhile, however, the Report of the Royal Commission on Trade Disputes was issued. The chief recommendations of the Commission as embodied in its Report were as follows : (1) That the funds of a trade-union should be liable to attachment for damages in respect of all wrongful acts committed by the agents of the union ; (2) That provision should be made for the separation of the proper benefit-funds of trade-unions, such separation if effected to render these funds immune from attachment ; (3) That persuasion to strike (i.e. to desist from working, thereby involving *breach of contract*) should not be considered illegal ; (4) That an agreement or combination by two or more persons to perform any act in contemplation or furtherance of a trade-dispute should not be ground for a civil action, unless the agreement or combination were indictable as a conspiracy notwithstanding the terms of the Conspiracy and Protection of Property Act, 1875 ; (5) That picketing in such a manner as to cause a reasonable apprehension in the mind of any person that violence would be used to him or his family,

LABOUR POLICY

or that damage would be done to his property, should be considered a wrongful act; and, finally, (6) That the provision (section 4) of the Trade Union Act of 1871, to the effect that collective agreements between employers' and workmen's associations could not be enforced by law, should be repealed, and that such agreements should be made legally enforceable.*

It was predicted that the Labour Party would not be disposed favourably towards the proposal of the Commission, and no surprise was shown when these recommendations failed to meet with the approval of the trade-unions. At a meeting held in February, 1906, the Parliamentary Committee of the Trade Union Congress passed the following resolution: "That the Committee in no way recognizes the Report of the Royal Commission on Trade Disputes, inasmuch as the Trade Union Congress agreed to ignore it for the reason that no Labour representative was appointed on it."

On February 22nd the Parliamentary Committee's Bill† was introduced, and on March 28th the Government brought forward its own Bill.‡ The Parliamentary Committee and the Labour Party, however, decided to persevere with their Bill which was read a second time two days later. The second reading was secured by the enormous majority of 350 votes, a result due largely to the attitude of the Prime Minister who made the following important statement§: "There are three points in these, if I may so call them, rival Bills. On two there is harmony. On the third there is a difference, not of object, but of method. Therefore the difference narrows itself down greatly. We are going to the same point, but we take different roads to reach it. My advice to the House is to pass the second reading of this Bill, and, a point on which difference exists being a point of detail for Committee, I cannot but hope, nay, I confidently expect, that it may have been found possible before further progress is made in the matter to adjust the differences that exist . . . so that we may attain that which is our common end, namely, the freeing from impediments and risks of those beneficent institutions to which we owe so much in improving not only the conditions of the working-classes, but the relations between masters and men." It is difficult to understand how the Prime Minister could call the difference between the Government Bill and the Trade Union Congress Bill only a difference of method. It is interesting to compare the principal points of difference.

The Congress Bill laid down by Clause 3 that an action should not

* *Commissioners Reports*, 1906, Cd. 2825.

† *Public Bills*, 1906, No. 32.

‡ *Public Bills*, 1906, No. 134.

§ *Parliamentary Debates*, 1906, Vol. 155, Col. 54.

THE LEGAL POSITION OF TRADE UNIONS

be brought against a trade-union, or other association of individuals, for the recovery of damage sustained by any person or persons by reason of any act committed by a member of such trade-union or other association. The Government Bill, on the other hand, said in Clause 4 that an action whereby it was sought to charge the funds of a trade-union, in respect of any tortious act committed in furtherance of a trade-dispute, should not lie unless the act were committed by the trade-union committee or by some person acting on its authority. A person, however, should not be considered to have acted upon the authority of the committee if the act were one of a class of acts expressly prohibited by a resolution of the committee, or if the committee expressly repudiated the act by resolution so soon as it was brought to its knowledge.

The differences between the two Bills are obvious. While the Congress Bill would secure immunity for the funds of trade-unions and other associations of individuals in all cases, the Government Bill would limit the protection to, (1) trade-unions, (2) trade-disputes, and (3) cases in which damage was not caused by the act of a trade-union committee, or of a person acting on the authority of such a committee.

In April the Government Bill was read a second time, and in July the House went into Committee on it.

The work of the Committee resulted in a compromise between Clause 3 of the Congress Bill and Clause 4 of the Government Bill, and the Clause which was thus established is certainly one of the most peculiar and remarkable regulations of English Civil Law. Sub-clause (1) of this Clause runs as follows: "An action against a Trade Union, whether of workmen or masters, or against any members or officials thereof on behalf of themselves and all other members of the Trade Union in respect of any tortious act alleged to have been committed by or on behalf of the Trade Union, shall not be entertained by any court." Thus the result of the compromise in the first instance was that protection was limited to trade-unions, as in the original Government Bill. However, by Sub-clause (2) the immunity was limited further. The extent to which it was limited to trade-disputes and to cases where damage was not caused by the act of a trade-union committee, or of a person acting under the authority of such a committee, will be considered below in connection with the examination of the Trade Disputes Act of 1906. First, however, a few words must be said about the attitude of the House of Lords with regard to the Bill.

On December 4th, 1906, the Bill was read a second time in the House of Lords. The Bill was moved by the Lord Chancellor, Lord Loreburn, who made an explanatory statement referring to the

LABOUR POLICY

development of the question from the Taff Vale case and onwards. He stated that he could not see that the Taff Vale workmen were doing a wrong or unjust thing when they asked the new-comers introduced by the employers not to work, nor when they offered to pay their fares home. This was to persuade peacefully, an act which had to be legalized. He recommended the Bill, not from party motives, but because it was a just and honest measure.*

Lord Lansdowne made an interesting speech in favour of the Bill. He pointed out that one of the most important functions of the Upper House was to see that the voice of the constituencies was heard in the House of Commons, and showed how dangerous the consequences might be for the House to depart from this fundamental principle. "I cannot help thinking," he continued, "that whatever our opinion may be of this Bill, we have to admit that the voice of the electors has been heard with regard to it. If your Lordships were to refer this Bill back to the country, what would be the result? We can have no doubt as to the answer which the constituencies would give; I believe we should find the demand for a similar Bill renewed with greater intensity, and in a form embittered by the suggestion that the House of Lords was in conflict with the general desire of the working-men in the country."†

The Lords made several amendments to the Bill with which, however, the House of Commons disagreed. After speeches by the Lord Chancellor and Lord Balfour of Burleigh, and further debates, the Lords decided not to insist upon their amendments, and on December 20th 1906 the Trade Disputes Bill became an Act, after approximately six years of constant effort and struggle.

The passing into law of the Trade Disputes Bill is undoubtedly one of the greatest successes the British Labour movement has ever gained. In spite of its peculiar and ambiguous wording, and of the almost intolerable number of strikes which it created, this Act at the time of writing remains the only legal document regulating specific trade-union activity. Its stipulations and regulations are so extraordinary that not only lawyers and employers but also many Trade Unionists have feared that the great liberties which are granted by the Act to the strikers and trade-unions might lead to extravagant acts on their part and hence to reactionary legislation.

The Trade Disputes Act, 1906, can be divided into three parts; firstly, a part amending the Law of Conspiracy with regard to trade-disputes (sections 1-2); secondly, a part concerning certain acts committed in contemplation or furtherance of a trade-dispute (sec-

* *Parliamentary Debates*, 1906, Vol. 166, Col. 686 *seq.*

† *Ibid.*, Col. 702.

THE LEGAL POSITION OF TRADE UNIONS

tion 2) ; and, finally, a part concerning tortious acts committed by or on behalf of a trade-union (section 4).

In the first section of the Act it is declared that an act committed as the result of an agreement or combination between two or more persons, if done in contemplation or furtherance of a trade-dispute, shall not be actionable unless the act would be actionable if done without any such agreement or combination. The term "trade-dispute" is certainly rather vague and might easily be taken in a sense wider than that which the legislators had in mind. During the discussions on the Bill in the House of Commons Viscount Castlereagh moved, with regard to this circumstance, that the Bill should not be applied to Ireland where special troubles might arise. This proposal, however, was rejected.

With regard to picketing, the second section declares that "it should be lawful for one or more persons, acting on their own behalf or on behalf of a trade-union or of an individual employer or firm in contemplation or furtherance of a trade-dispute, to attend at or near a house or place where a person resides or works or happens to be, if they so attend merely for the purpose of peacefully obtaining or communicating information, or of peacefully persuading any person to work or abstain from working." Half this section is obviously only a repetition of what has already been said in the Conspiracy and Protection of Property Act, 1875. The second part relating to peaceful persuasion is, however, new. As we remember, Sir Charles Dilke and many with him were of the opinion that peaceful persuasion was not unlawful previous to the Taff Vale decision, and that it was neither expressly forbidden nor permitted by law. Now by this section peaceful picketing was declared to be lawful, thus reversing the Taff Vale decision on this point. By the decision in *Larkin v. Belfast Harbour Commissioners*, 1908, it was declared that the above section did not authorize any person to enter private property.*

The third section of the Act declares that "an act done by a person in contemplation or furtherance of a trade-dispute shall not be actionable on the ground only that it induces some other person to break a contract of employment or that it is an interference with the trade, business, or employment of some other person, or with the right of some other person to dispose of his capital or his labour as he will." As established by Lord Loreburn in the case *Conway v. Wade*, 1909, it is not even necessary that the person who commits the act and is protected by the above section should be a party in the dispute.†

The fourth section, which has in view the protection of trade-

* and † *Butterworth's Twentieth Century Statutes*, London 1910, p. 416.

LABOUR POLICY

union funds, declares that "an action against a trade-union, whether of workmen or masters, or against any members or officials thereof on behalf of themselves and all other members of the trade-union in respect of any tortious act* alleged to have been committed by or on behalf of a trade-union, shall not be entertained by any court."

Nothing in this section shall, however, affect the liability of the trustees of a trade-union to be sued in the events provided for by the Trade Union Act, 1871, section 9†, except in respect of any tortious act committed by or on behalf of the union *in contemplation or in furtherance of a trade-dispute* [sub-section (2)].‡

As already mentioned, this is one of the most remarkable sections of English civil law, based as it is upon the presumption that a trade-union as such cannot commit any tortious act. The section is not very clear, however. One of the matters of dispute which have arisen from this section is whether the immunity from legal proceedings conferred upon a trade-union is limited to tortious acts which are committed in contemplation or furtherance of a trade-dispute.

In the case of *Bussy v. The Amalgamated Society of Railway Servants and Bell*, 1908, the Court held that the above section was general in its application and protected a trade-union against any action of tort, and that it was not limited to a tortious act in connection with trade-disputes. Therefore the action brought by Mr. Bussy to recover damages for malicious prosecution would not lie against the trade-union. But an action would lie against a member or official of a trade-union for a tort committed by him when acting on behalf of himself and all other members of the union.§ The above section only prevented the trade-union as such from being sued and its funds from being liable for the tortious act. In the case *Rickards v. Bartram*, and in others later in the same year, a somewhat different decision was given. A trade-union (not the trustees) was sued for damages in respect of an alleged libel which occurred in a newspaper published by it. There was no trade-dispute going on or in contemplation at the time of the publication of the alleged libel. The Court declared that the action was main-

* A wrong, independent of contract, for which the law requires compensation in damages.

† This section declares that the trustees of a registered trade-union are empowered to bring or defend any action concerning the property, right, or claim to property of a trade-union. The trustees may sue, and can be sued, in their own names, without other description than the title of their office.

‡ It is clear from sub-section (2), and particularly from the portion printed in italics, that the intention of Parliament never was to exclude the trustees generally from being sued in tort.

§ *Law Times Reports*, 1908, Vol. 24, p. 437.

THE LEGAL POSITION OF TRADE UNIONS

tainable, and that section 4 of the Trade Disputes Act had no application.*

To sum up, the first decision declared that a trade-union as such could *under no circumstances* be sued for a tortious act committed by a member (or members) on behalf of the union,† but that this member (or members) was personally responsible for this act ; while the second decision maintained that the immunity from legal proceedings conferred upon a trade-union was limited to tortious acts *committed in contemplation or furtherance of a trade-dispute*. The decision of the House of Lords in the case *Vacher v. London Society of Compositors*, 1913, confirmed the first of these interpretations.‡

But neither of these decisions fully explains section (4) of the Trade Disputes Act. After duly considering sub-section (2) of section (4) of the Trade Disputes Act and section (9) of the Trade Union Act it is clear that in certain cases the trade-union funds may be liable to attachment for damages.

The meaning of section (4) of the Trade Disputes Act has, of course, been disputed, as the inclusion of section (9) of the Trade Union Act of 1871 makes it rather complicated. If section (4), subsection (2), had in view only the personal responsibility of the trustees of a trade-union the section would be general in its application, i.e. the trade-union funds would under no circumstances be rendered liable to damages for a tortious act committed by the trustees of the union. Section (9) of the Trade Union Act of 1871, however, challenges this interpretation, as it expressly declares that the trustees of a trade-union can be sued in respect of a claim on the property of the union. Therefore the interpretation of section (4) must be that the funds of a trade-union are liable to attachment for damages in respect of all tortious acts which lead to a claim on the property of the union but which are not committed in contemplation or furtherance of a trade-dispute. As the law requires compensation in damages for all tortious acts, any such act committed by, or on behalf of, a trade-union will consequently lead to a claim on the property of the union. Therefore the trustees of a trade-union may be sued in

* *Law Times Reports*, 1908, Vol. 25, p. 181.

† The same opinion is expressed by Mr. and Mrs. Webb in the *History of Trade Unionism*, London 1920, p. 606. They say, "The Trade Disputes Act explicitly declares, without any qualification or exception, that no civil action shall be entertained against a Trade Union in respect of any wrongful act committed by or on behalf of the Union ; an extraordinary and unlimited immunity, however great may be the damage caused, and however unwarranted the act, which most lawyers, as well as all employers, regard as nothing less than monstrous." It is, however, recommended in a footnote to the Trade Unionists not to presume too far on this apparently absolute immunity from legal proceedings.

‡ *Law Times Reports*, 1913, Vol. 29, p. 73.

LABOUR POLICY

respect of any tortious act, e.g. libel, committed by or on behalf of the union otherwise than in furtherance or contemplation of a trade-dispute, and trustees so sued are entitled to be indemnified out of the funds of the union.*

The main principles of British legislation concerning trade-disputes may be summarised in the following way :—

1. No action can be brought against a trade-union as such in respect of any tortious act committed by, or on behalf of, the union.
2. The trustees of a trade-union cannot be sued in respect of any tortious act committed by, or on behalf of, the union in furtherance or contemplation of a trade-dispute.
3. The trustees of a trade-union are legally responsible for all tortious acts committed by, or on behalf of, the union otherwise than in furtherance or contemplation of a trade-dispute. —In this case the trustees are entitled to be indemnified out of the funds of the trade-union.
4. No action against a trade-union in respect of any act committed by any member of the union but not on the authority of its committee can be entertained by any court.
5. Collective agreements between employers and trade-unions cannot be enforced by law, but are drawn up and maintained solely on the authority of the respective organizations.

It is interesting to notice the development in the legal position of the trade-unions. Before the Act of 1871 they were not legally recognised organizations. By this Act they were legalized, and by the Trade Disputes Act of 1906 they were placed above the law in certain respects. That the Taff Vale decision in the long run strengthened the position of the trade-unions is beyond doubt ; so also is the fact that it united the different organizations of the British Labour movement in joint political action. One of the first results of this action was the Trade Disputes Act which was a tribute to the importance of organized Labour.

6—GENERAL SURVEY

Unlike the Scandinavian countries, Great Britain and France have experienced a time when combinations of workers were illegal and even punishable. The passing of special legislation (in England the Trade Union Act of 1871, in France the Professional Syndicates Act of 1884) was therefore a necessary condition for the legal recognition

* *Vide*, Lord Halsbury, *The Laws of England*, 1913, Vol. 27, p. 665 (m). Breach of contract, or embezzlement and other criminal acts which lead to a claim on the property of a trade-union are actionable even if they are committed in furtherance of a trade-dispute.

THE LEGAL POSITION OF TRADE UNIONS

of the trade-unions in these countries. These above laws form the basis of the legal position of trade-unions in Great Britain and France, and the different lines of development of trade-union law in these countries is due largely to the different characters of these laws. Apart from the fact that they both afforded legal recognition to the trade-unions they have not many features in common. While the British Act limited the right of the trustees of a trade-union to suing or defending in a court of justice in matters relating to the property of the union, the French law conferred upon the workers' and employers' syndicates the right to be represented in court without other restriction than that they should be registered according to the provisions of the Act. The British law made it quite clear that a collective agreement between an employer, or a union of employers, on the one hand, and a union of workers, on the other, could not be enforced legally. In France the legal enforceability of collective agreements was a matter of dispute for some time. However, the Law Courts generally considered such agreements as contracts which were legally binding, and this principle has been definitely settled by recent legislation.

Legal practice in Denmark followed much the same lines as in France, while in Sweden and Norway it originally tended in the same direction as in England; in Sweden this was because trade-unions were considered "ideal associations," the legal position of which was not very well-defined on account of the great variety of associations grouped under that heading; in Norway it was because there was a general feeling that agreements between employers and workers ought not to be enforceable by law but should be based upon mutual confidence. But under the influence of Danish trade-union legislation, which was well-defined and which developed earlier than in Sweden and Norway, legal practice in these countries changed gradually in favour of giving the trade-unions full legal responsibility. Recent legislation has also taken this course, and, as in France, collective agreements to-day are legally enforceable in the three Scandinavian countries. On the whole, therefore, the type of trade-union legislation is the same in these four countries, and is distinguished sharply from the British type where the fulfilment of collective agreements is based entirely upon the good-will of the contracting parties.

Bearing this in mind, it is interesting to compare the main issues of recent legislation with regard to trade-disputes in Great Britain and the other countries under survey. Whereas British legislation has centred round questions as to the extent of the legal responsibility of the trade-unions and the immunity of their funds from attachment for damages, French and Scandinavian legislation has

LABOUR POLICY

been concerned primarily with the details of enforcing collective agreements. In consequence of the legal privileges enjoyed by British trade-unions the field covered by legal action in respect of such organizations has been much wider in Great Britain than in France and the Scandinavian countries where trade-unions have full legal responsibility. Thus, in England actions have been brought against trade-unions for the recovery of damages caused by strikes (whether or no they constituted a breach of agreement), and picketing, and by a great many tortious acts alleged to have been committed by trade-unions or members of such unions. In France and the Scandinavian countries, on the other hand, legal proceedings against trade-unions have been concerned mainly with strikes and other acts committed by trade-unions or their members that constituted a direct breach of agreement. It is interesting to see that the question as to the observance of collective agreements has never played any part in British legislation. This circumstance is no doubt due to the fact that the keeping of an agreement is easier in England than in most other countries, because of the Englishman's innate respect for an agreement that he has signed. Therefore it is very possible that trade-union legislation of the British type could not be applied to other countries with advantage.

The main differences between British trade-union legislation, on the one hand, and French and Scandinavian, on the other, may be summarised as follows :—

- I. *British Law* :—No action of tort can be brought against a trade-union, but its trustees can be sued in respect of tortious acts committed by, or on behalf of, the union otherwise than in furtherance or contemplation of a trade-dispute. Trustees so sued are entitled to be indemnified out of the funds of the union.

French and Scandinavian Law :—A trade-union has full civil responsibility for acts committed by, or on behalf of, the union, no exception being made for acts committed in furtherance or contemplation of trade-disputes.

- II. *British (Swedish and Norwegian) Law* :—No action against a trade-union in respect of any act which is committed by any member of the union but not upon the authority of its committee can be entertained by any court.

French and Danish Law :—A trade-union is legally responsible for acts committed by its members which constitute a breach of a collective agreement, even if such acts are

THE LEGAL POSITION OF TRADE UNIONS

not committed on the authority of the trade-union committee.

- III. *British Law* :—Collective agreements are based entirely upon the good-will of the contracting parties and cannot be enforced by law.

French and Scandinavian Law :—Collective agreements are legally binding contracts. Damages may be awarded for non-fulfilment of conditions.

It is clear that the legal position of British trade-unions is in sharp contrast to that of trade-unions under French and Scandinavian—particularly Danish—law. While the British trade-unions under certain conditions are placed above the law so that they cannot be made responsible for their own acts, the French and Danish trade-unions, as we have seen, are responsible not only for their own acts but also, in certain cases, for acts committed by their members, even if the latter are not acting upon the authority of their union.

Which type of legislation is preferable, as more likely to lead to the establishment of industrial peace, is a question which depends largely upon the character of the working-class and of the industrial conditions in each country. Considering, however, that industrial peace ultimately depends upon the existence of friendly relations between the employers and their workmen, it seems as if the British system, based entirely upon good faith, must be regarded as superior to the French and Scandinavian systems, based upon legal force.

CHAPTER XXI

CONCILIATION AND ARBITRATION

I—INTRODUCTION

IN the preceding chapter we have considered what we may call the *static* problem of trade-disputes, viz., the legal position of trade-unions as parties in such disputes. In the present chapter we propose to examine the *dynamic* side of the problem, viz., the methods of settling trade-disputes.

In writing about trade-disputes there has been a good deal of confusion as to the use of the terms "arbitration" and "conciliation."

"Arbitration" means that the two parties in dispute either agree beforehand, or are compelled by law, to abide by the decision of a third independent party, which may be a court of law, an official or private board of arbitration, or a single arbitrator. One can distinguish between two kinds of arbitration, (1) quasi-arbitration, when there is no legal enforcement of the arbitrator's decision; and (2) legal arbitration (or simply arbitration) when there is enforcement. This latter form of arbitration can be divided into, (a) voluntary arbitration, when the application for arbitration is made voluntarily by both parties in dispute; and (b) compulsory arbitration, when the parties are compelled by law to submit their dispute to arbitration. These are the main types of arbitration, but there are also several mixed types in existence. Application for quasi-arbitration, for instance, may be compulsory; this type, however, must be regarded as merely a sort of compulsory conciliation, since the decision of the third party is not really binding.

"Conciliation" means that the two parties in dispute meet under the chairmanship or presidency of a third independent party, an official or private Conciliator or Conciliation Board, in order to come to an agreement. Thus it is not the function of the third party to give any binding decision. A meeting of two parties with the object of reaching an agreement, without the assistance of a third independent party, is not "conciliation" in the strict sense of the word. The two chief types of conciliation are voluntary conciliation and compulsory conciliation, that is to say the two parties either

CONCILIATION AND ARBITRATION

have the right to submit themselves to conciliation and produce evidence, or are compelled by law to do so.

It is important to notice that in a trade-dispute an agreement between the two parties, namely the employers and the employed, can seldom or never have the same definite character as ordinary contracts between individual or corporate bodies, in which latter cases the principals are concerned directly and act under well-defined authority. It is obvious that this lack of definiteness must complicate the situation between employers and employed, making the value of compulsory measures by legislation exceedingly dubious.

2—FRANCE

In France, where collective agreements between trade-unions and employers' associations are legally binding, compulsory measures with regard to industrial arbitration and conciliation would be less unjustifiable than in a country like Great Britain where such agreements are not enforceable by law. In fact, compulsory methods of settling trade-disputes do not appear to be foreign to the general spirit of French Labour legislation, of which State-intervention between employers and employed is a prominent feature. Measures for instituting such methods have actually been proposed, but up to the present time they have not met with success.

Long after the recognition of the workers' syndicates by the law of 1884 the employers refused persistently to recognise them as negotiating parties, for they held that the Syndicalist activity meant undue interference with the management of their own enterprises. It is clear that this hostile attitude of the employers towards the workers' representatives was not calculated to improve the relations between masters and men, and the Syndicalists became inclined more and more to use violent and destructive measures.

In order to improve the relations between employers and workers a Bill to provide for compulsory arbitration was introduced into Parliament as early as 1886. This Bill was never carried, but on December 29th 1892 an Act was passed which established a system of voluntary arbitration and conciliation similar to that provided for in England by the Conciliation Act of 1896. The Act of 1892 provides for the creation of *Conciliation Committees* and *Arbitration Councils* to which either party in a trade-dispute can apply for assistance in settling the dispute by the method he prefers. In the event of a strike the Magistrate in the district where the strike has arisen shall preside over the Conciliation Committee and approach both parties to the dispute, for the purpose of conciliation. If the parties do not arrive at an agreement by conciliation the Magistrate

LABOUR POLICY

shall invite them to appoint an Arbitrator or Arbitrators, whose decision they agree to accept. But the Magistrates have no legal power to compel the contending parties to appear before them, and the employers, particularly, often refuse to attend.*

It has been said of the Act of 1892 that it was almost completely ineffective because it was not compulsory.† But this is hardly true. The Act must be considered with regard to the special conditions attaching to trade-disputes in France. There is no doubt that, although the employers have often refused to enter into negotiations with the Syndicalists even in the manner prescribed by the Act, this is not the rule, and the Act has done a good deal towards bringing employers and workers together. "From this point of view," says Professor Renard, "the Act of 1892 is capable of rendering valuable services. It cannot prevent strikes from arising, but this is not its object; but it does assist and lead to friendly discussions. It is useful in a country where Syndicalist organization is still weak, and where the workmen's associations are not always powerful enough to compel the employers to negotiate with them."‡

A great many important disputes have been settled in accordance with the provisions of the Act. In such disputes persons of great political influence have, as a rule, been appointed as Arbitrators, e.g. M. Waldeck-Rousseau, Loubet, Clemenceau, Millerand, Briand, Jaurès, etc.§

Soon after the passing of the Act of 1892 the Reform Socialists, under the leadership of M. Millerand, started an energetic agitation in favour of compulsory conciliation and arbitration. Their proposals, however, did not meet with much success in Parliament. The Waldeck-Rousseau Government (in which M. Millerand was Minister of Commerce) provided, by Decree dated September 17th 1900, for the establishment of *Councils of Labour* composed of employers and workmen, in equal numbers. This Decree did not lead to any practical result.

It was only after the passing of the Act of July 17th 1908 that Councils of Labour were established more generally. This Act provided for the establishment of consultative Councils of Labour, composed of an equal number of workmen's and employer's representatives, and set up by Decree after the opinions had been heard

* Cp., *Comité Permanent d'Etudes Relatives à la Prévision des Chômages Industriels, Compte Rendu des Travaux*, Paris 1920, Appendix VII., p. 76.

† *Majority Report of the Norwegian Commission on Labour*, 1919, Appendix, p. 157.

‡ *Le Socialisme à l'œuvre*, Paris 1907, p. 56.

§ *Comité Permanent d'Etudes Relatives à la Prévision des Chômages Industriels, Ibid*, Appendix VII., p. 76.

CONCILIATION AND ARBITRATION

of the Chambers of Commerce and Industry in the departments where the Councils were about to be established. The objects of these Councils were : (1) To forward the material and moral interests of the employers and workmen whom they represented ; (2) To give advice on questions concerning these interests ; (3) To give information to the Government on industrial or labour conditions in their respective districts.*

The Councils of Labour are considered in this connection partly because they were intended to bring together employers and workmen, and thereby to do away with the feelings of hostility which existed between them, and partly because they, by later regulations, were entrusted with the task of settling trade-disputes. A Decree of May 10th 1909† directed the Councils of Labour to give advice in disputes between employers and workers and to consider the means of bringing about a settlement.

The result of the Act of 1908 as amended by this Decree appears to have been somewhat disappointing. The Labour Councils were not established as generally as had been intended. Moreover, their activity was not as a rule very great, and they proved to be of little use in settling trade-disputes.‡

The necessity for continuous production during the War brought the idea of compulsory conciliation and arbitration to the front. On January 17th 1917 the Government issued a Decree prohibiting cessation of work in the munition-factories and other war-establishments. All disputes between employers and workers were to be settled by Permanent Conciliation and Arbitration Committees composed of equal numbers of employers' and workers' representatives. If the parties could not arrive at an agreement the Minister of Munitions was empowered to act as Arbitrator, and his decision was binding. In case the employers refused to abide by the Minister's decision the establishment concerned would be requisitioned by the Government, and if the workers refused to accept it they would be mobilized and placed under military law.

After the War M. Millerand continued to work for the introduction of compulsory conciliation and arbitration, and when he became head of the Government he waited only for the right moment to bring his proposals forward. A suitable opportunity occurred at the beginning of 1920 when the big railway strikes had made the question of compulsory measures for the settlement of trade-disputes acute.

On March 9th the Government introduced into the Chamber of

* Article 1.

† Article 15.

‡ *Comité Permanent*, etc. *Ibid*, p. 80.

LABOUR POLICY

Deputies a Bill providing for the establishment of a system of compulsory conciliation and semi-compulsory arbitration.

The main provisions of the Bill were as follows: Compulsory conciliation in respect of trade-disputes in all industrial, commercial, and agricultural enterprises which employed more than twenty workers. Compulsory arbitration for all enterprises where cessation of work would be dangerous to the State or particularly detrimental to the health and sanitary conditions of the people or to the economic and social life of the country. Such enterprises were: (1) Railways and tramways and all other means of communication by land or sea and on internal waterways. (2) Gas-works and electricity-works. (3) Coal-mines. (4) Enterprises for the distribution of water, light, and electric power. (5) Hospitals and similar institutions. (6) Funeral establishments and public utility works in towns of more than 25,000 inhabitants. For all other enterprises arbitration would be voluntary.

The first step to be taken for the settlement of a trade-dispute should be the appointment by the workers of not more than five representatives to act as a deputation to their employer. It should be the duty of the employer or his representative to receive the deputation within twenty-four hours, and also to reply to its demands within a further twenty-four hours.

If the dispute could not be settled in this way the parties should be compelled to try conciliation. It was recommended that the first method of conciliation should be that both parties together should appoint a Conciliator. If they could not agree in the selection of a Conciliator each party should appoint a Conciliator, and it should be left to these two representatives to settle the dispute. If these attempts did not lead to any satisfactory result then the dispute should be referred to one of the official Conciliation Committees. Such Committees, composed of employers' and workmen's representatives in equal numbers, should be established by Decree either for the districts or for a particular industry or trade all over the country. In districts where no special Committee was appointed the Magistrate should act as Conciliator.

If the parties could not come to an agreement by conciliation they should be either invited or compelled to have recourse to arbitration, according to whether the dispute had arisen in an industry to which the provisions for compulsory arbitration applied or not. Each party should appoint one or several Arbitrators. If the latter could not agree on the decision the matter should be referred to the president of the Law Court in the district. Cessation of work whilst arbitration was proceeding should not be allowed, and violation of this rule should be punishable by fines up to a

CONCILIATION AND ARBITRATION

maximum of 20,000 francs, and, in case of compulsory arbitration, by imprisonment.

Finally, the Government made special provisions in respect of enterprises to which compulsory arbitration applied. In the event of cessation of work in such an enterprise the Government should have power to take over buildings and material, and to take any other measures considered necessary for the continuance of work. Conditions of work and wages in such enterprises would always be under the control of the Minister of Labour.

This scheme has met with the approval of neither the workers nor the employers.

M. Jouhaux, the Secretary of the C.G.T., has led the Labour Opposition by laying great stress on the fact that compulsory arbitration, as employed by other countries, has failed hitherto to prevent the outbreak of strikes.* But the main reason why the French workers oppose the Government scheme is that it would hamper considerably the activity of the syndicates, particularly in those industries for which arbitration was made compulsory. In these industries strikes would be illegal and the leaders liable to imprisonment; the workers would therefore lose their strongest weapon in the fight for better living-conditions.

The employers, on the other hand, were opposed to the proposed scheme partly because they did not believe in the possibility of preventing masses of workers from striking by threatening their leaders with punishment, and partly because they did not agree that so much power should be given to the Government in the event of unlawful cessation of work. If the workers organized strikes against the regulations of the proposed law the taking over by the State of the enterprises in which the strikes arose would be no punishment to the workers, but would be a severe blow to the employers. This, indeed, might be exactly what the workers aimed at by their strike.

For the above reasons the Government proposals were not really popular in any quarter. They were still under consideration in committee when this was written.

3—SWEDEN

It was not until 1906 that legal measures were taken with regard to the settlement of trade-disputes in Sweden. Both before and after this time, however, some more or less permanent machinery for effecting conciliation and arbitration had been set up, entirely on the initiative of private individuals and bodies. As a rule

* *La Bataille*, March 10th and 12th, 1920.

LABOUR POLICY

collective agreements between employers (or employers' associations) and trade-unions contain detailed regulations as to the forms of negotiation to be adopted and the procedure to be followed in the event of a dispute. In a large number of industries permanent conciliation- and arbitration-boards have been established on the initiative of the parties to collective agreements.

In Sweden trade-disputes are very rarely settled by arbitration ; indeed, its use is almost entirely confined to disputes arising out of the interpretation of collective agreements, while conciliation is employed both for the settlement of such disputes and for most disputes on wages and working-conditions.

The first Swedish law regulating arbitration and conciliation was promulgated on December 31st 1906 ; it provided for the appointment of District Conciliators whose principal duty was to promote the settlement of disputes between employers and work-people in their district. For this purpose the Conciliators were obliged, if there were no strike proceeding, " to be ready, if applied to, to supply employers and employees with information and advice concerning collective agreements calculated to improve the relations between masters and men, and to prevent the occurrence of Labour unrest." This regulation has proved to be very useful in preventing trade-disputes. On many occasions, before a dispute has arisen, the conciliators have been called upon by both employers and trade-unions to preside at meetings where the terms of new collective agreements were under discussion and revision, and in this way the parties have often formulated a new agreement before the expiration of the old, and so have avoided a dispute. If a trade-dispute developed into a strike it was the duty of the Conciliator to summon the parties to a conference. He had also the power, after consulting the contending parties, to appoint experts to form with himself a Board of Conciliation.

If the contending parties could not come to an agreement by conciliation the Conciliator had to propose that the matter in dispute should be referred to an Arbitrator or to a Board of Arbitration. The Conciliator could not himself act as Arbitrator but he had the power to appoint some other person to act in that capacity. Collective agreements in Sweden not infrequently contain a clause which provides that the chairman of an Arbitration Board shall be appointed by the official Conciliator.

Under the provisions of the Act of 1906 the Government has the power to appoint Special Conciliators to deal with disputes of great importance and those which extend over more than one district. For disputes of this latter kind the official Conciliator in the district where the dispute originally arose is generally ap-

LABOUR POLICY

pointed as Special Conciliator. In consequence of the centralization in Stockholm of both trade-unions and employers' associations, the Conciliator of this City has by far the most responsible position of all the Conciliators, as it falls to his lot to deal with a great many of the most important trade-disputes in the country. The whole system of conciliation was administered originally by the Board of Trade, but when the Social Board was established in 1913 it was transferred to the control of this Department.

In 1911 the Government introduced a Bill* providing for the establishment of a permanent Conciliation Commission to which the District Conciliators should be subordinate. The Bill also proposed that conciliation should be compulsory, i.e. that the parties should be compelled to enter into negotiations at the request of either the Commission or a Conciliator. Cessation of work should not be allowed until the negotiations were terminated or until they had lasted 30 days.

The General Association of Employers was not in favour of the establishment of a central Commission for Conciliation as they feared such a commission would acquire too great an influence in the fixing of wages. This is a proof of the confidence of the Association in its power, a fact due largely to the result of the general strike of 1909.

The First Chamber declared that it would pass the Government Bill on condition that the Bill regulating collective agreements was also carried.† The second Chamber, however, refused to accept this condition, and consequently both Bills were dropped.

The General Association of Employers and the National Confederation of Trade Unions appear to have been equally satisfied with this resolution, the Association declaring "that it is better not to have any law at all than to have a bad and inequitable one."‡ The National Confederation, on the other hand, made the following statement: "Certainly it is in the interest of society to mitigate the disastrous strife called forth by the differences between the social classes. But this ought never to be done by interfering with their natural liberty. Experience shows that such unnatural restrictions must, sooner or later, be broken. . . . There is no doubt that industrial peace cannot be established in this way."§

Together with the Bills on Collective Agreements and Compulsory Conciliation the Government had also introduced a Bill providing for the establishment of a Permanent Arbitration Court. It was

* Royal Proposition, 1911, No. 43.

† *Cp.*, pp. 294-5.

‡ *Report of the Association*, 1912, p. 8.

§ *Report of the Confederation*, 1911, p. 11.

LABOUR POLICY

proposed that this court should have the same authority as an ordinary court of law and be composed of seven members: (1) Three impartial members, two of whom were to be lawyers; (2) Two representatives of the employers' organizations; and (3) Two representatives of the trade-unions. This Court would have to consider cases relating either to damages for loss caused by breach of the terms of collective agreements or to the interpretation of such agreements, but it would not be competent to decide cases relating to individual labour contracts.

The National Confederation opposed this Bill strongly for two reasons; firstly, because it would place individual workers in a less favourable position than the employers, inasmuch as the claims of the former for wages corresponding to those established by the terms of collective agreements had to be referred to an ordinary law-court with its expensive and slow procedure; and, secondly, because they did not think the workers would be sufficiently represented in the Court, as the three impartial members would very probably be three Conservative lawyers.* The Bill, which was supported by the First Chamber and by the Conservatives in the Second Chamber, was rejected with the two other Government Bills.

On June 18th 1915 the Government requested the Social Board to investigate into and report upon the best measures to be taken in order to establish industrial peace on a firm footing. The Social Board reported on July 13th 1916. The Government prepared three Bills, based mainly on the principles laid down by this report. They were carried by the Diet on April 30th 1920, and came into force the following July. The first Act amended and extended the Act of 1906 concerning District Conciliators; the second established a Permanent Arbitration Board; and the third made provisions as to the appointment of Special Arbitrators.

District Conciliators. The new Act relating to District Conciliators amended the law of 1906 in accordance with the recommendations of the Social Board. By the Act of 1906 and the Order in Council of December 31st 1909, the country was divided for conciliation-purposes into seven districts to each of which a Conciliator was appointed with power to deal with disputes in his own district. The Social Board was emphatic on the point that disputes in certain important trades were usually concentrated in certain districts, and that in consequence the Conciliator attached to these districts acquired great experience of the conditions in such trades, and that this experience ought to be utilized to a much greater extent than it actually was. To meet this desideratum the new law gave the Government power to order the Conciliator

* *Ibid*, pp. 15-16.

CONCILIATION AND ARBITRATION

of a particular district to deal with the disputes arising in a certain trade or occupation outside the district in addition to those with which he dealt ordinarily. The Government might also, by this Act, appoint Conciliators who were especially conversant with the conditions of a certain trade, to deal solely with disputes arising in that trade. This rule, it was stated in the introduction of the Bill, should apply particularly to agriculture and to State-enterprises. The Government could appoint a special Board of Conciliation or a single Conciliator of great experience. Apart from the above amendments the main regulations of the Act of 1906 were preserved by the new Act.

Permanent Arbitration Board. The Social Board had recommended the establishment of a Permanent Arbitration Court based mainly on the Government proposals of 1911, i.e. a real law-court before which one party to a collective agreement could sue the other party for non-fulfilment of the agreement. The Court should also, if called upon by one or other of the parties, give its decision on matters of interpretation. The Government, however, could not see its way clear to adopting the course recommended by the Social Board, for it considered that the establishment of a Court of Arbitration with legal powers for enforcing collective agreements was unjustifiable so long as there was no special legislation on the subject similar to that which existed in France, Norway, and Denmark. For this reason the Government considered it better that collective agreements should be enforced by the ordinary law-courts according to common law. The new law of 1920, however, established a Permanent Arbitration Board for deciding disputes arising out of differences as to the interpretation and application of the terms of collective agreements. Recourse to this Board is voluntary, and the Board cannot consider a case unless both parties are willing to accept and be bound by its rulings; the cost of the proceedings is borne by the State. In view of the objections of the Socialists to the proposal of 1911 it is important to notice the composition of the Board. The Board is composed of seven members, of whom the chairman, vice-chairman, and a lawyer are appointed by the Government. The remaining four members are elected annually, in equal numbers, by the General Association of Employers and the National Confederation of Trade Unions.

Special Arbitrators. The new law on Special Arbitrators provides that the Government may, at the request of municipal authorities or otherwise, appoint one or several persons to act as arbitrators in disputes where the parties mutually agree to a settlement by arbitration. While the Permanent Arbitration Board shall deal

LABOUR POLICY

solely with disputes relating to the interpretation and application of collective agreements, especially with those which involve matters of important principle or practice, the Special Arbitrators have to deal with disputes of minor importance and with individual disputes arising out of collective agreements.*

4—NORWAY

IN Norway trade-disputes are regulated by the Act of August 6th 1915 which has established a system of compulsory conciliation and compulsory arbitration for certain disputes. The Bill as originally drafted made provision for compulsory arbitration in all disputes of great importance; in fact it was very similar to that introduced five years later by M. Millerand into the French Chamber of Deputies. But the provisions as to compulsory arbitration met with great opposition both from the employers and the trade-unions, especially the latter.

As soon as the date for the introduction of the Bill into the Storting was fixed, the Executive of the National Confederation of Trade Unions called a meeting of the Representative Assembly in order to decide what steps should be taken with regard to it. At this meeting, which was held on May 5th 1915, it was decided to do everything possible to prevent the carrying of those clauses of the Bill which provided for compulsory arbitration. With this object in view the Assembly decided as a first measure to organize a general strike unless the Government withdrew the objectionable clauses. Accordingly the Executive of the National Confederation notified the Executive of the General Association of Employers that unless the Government acceded to the demands of the Confederation all workers under the control of the Confederation would cease work on May 19th and resign from their situations.† The answer of the Executive of the General Association to this challenge is characteristic: "The Executive of the General Association is as is well-known, of the same opinion as the Confederation with regard to the proposal to introduce compulsory arbitration. It, however, deplors the fact that the Confederation in order to prevent this, contemplates bringing pressure to bear upon the Government by measures which in the first instance must be detrimental to the industry and trade of the country. The responsibility for

* *Cp., Sociala Meddelanden*, 1920, pp. 472 seq.; and *The Labour Gazette*, 1920, p. 484.

† This last action was naturally intended to prevent the employers dismissing certain objectionable workers as a punishment for their participation in the strike, as happened after the general strike in Sweden in 1909.

CONCILIATION AND ARBITRATION

this action must be borne entirely by the Confederation.”* The Executive Committees of the two national organizations of employers and trade-unions subsequently entered into negotiations which did not lead to any result, as the Confederation was uncompromising and persisted in its demands for complete withdrawal. On May 7th the Confederation issued a manifesto to the working-class of Norway declaring that the law for compulsory arbitration, as proposed by the Government, threatened the very existence of the trade-unions, and that accordingly they had no choice but to declare a general strike in defence of their freedom.

The menace of a general strike caused the Government to hesitate. On May 10th the Left Party, which was in power, summoned a special meeting to discuss the Government Bill, and it was decided that the clauses relating to compulsory arbitration in all important disputes should be deleted. Mr. Gunnar Knudsen, who was then the Prime Minister, declared subsequently in the Storting that these clauses were to be deleted from the Government Bill. “The Government has not taken this step,” he declared, “because of the threat of a general strike. The conclusive reason is the present European situation. The World War is carried on outside our very doors . . . and under these circumstances I dare not take the responsibility for the situation which may arise out of a general strike. . . . I therefore recommend that the fourth chapter of the Bill relating to compulsory arbitration be deleted.”† The trade-unions had won a great victory, which they would certainly not have done if their threat of direct action had been carried out.

It is most important in this connection to notice how strong was the opposition of the Norwegian trade-unions to the introduction of compulsory arbitration. They adopted this attitude not because they would necessarily have less chance of obtaining their demands if compulsory arbitration came into force, for the Arbitration Court would be composed of employers’ and workers’ representatives in equal numbers under an impartial chairman, but naturally, because the unions would be superceded more or less by the Court. This explains also, of course, why the General Association of Employers objected to the Government proposals.

The Conciliation and Arbitration Act was carried by the Storting and promulgated on August 6th 1915. A remarkable feature of this Act is that it has combined legislation relating to conciliation with that relating to the legal status of trade-unions. It is with the former that we are concerned here ; the regulations affecting the

* *Report of the National Confederation*, 1916, p. 19.

† *Ibid*, p. 22.

LABOUR POLICY

legal position of trade-unions have been dealt with in the preceding chapter.

The Act makes the following provisions with regard to cessation of work. Associations of workers or employers are prohibited from proclaiming strikes or lockouts as a means of settling disputes arising out of the interpretation, application, or non-fulfilment of a collective agreement. A Permanent Arbitration Court is established for the purpose of settling such disputes, and no other law-court is competent to deal with disputes of this kind ; but they can be settled by private arbitration. The Arbitration Court has authority to consider also disputes relating to individual contracts, if such disputes have arisen out of the terms of a collective agreement. The Arbitration Court is composed of five members appointed by the Crown—an impartial chairman, two representatives of the employers' associations, and two representatives of the trade-unions.

Actions for recovery of damages caused by cessation of work in contravention of a collective agreement can be brought before the Arbitration Court against a trade-union or employers' association, either by the injured association of employers or workers, or by the Government. Penalties can be inflicted upon the offending union or association up to a maximum of 25,000 crowns. In case they are persistently carrying on the strike or lockout a new penalty of the same amount can be inflicted every second week whilst the cessation of work lasts.

The Act provides for the appointment by the Government of an indefinite number of District Conciliators, and of a National Conciliator, to whom the District Conciliators are responsible. The Act, further, makes provision for the establishment of Conciliation Boards composed of a District Conciliator, who shall act as chairman, and two other members appointed by the Government, one from among a number of persons recommended by the employers and the other from those recommended by the trade-unions.

When the organization of a strike or lockout *arising out of a trade-dispute* is imminent, notice of this must be sent to either the National Conciliator or the District Conciliator of the district in which the industry or enterprise concerned is situated. Cessation of work must not take place until four days have elapsed from the date on which the notice was received by the Conciliator. The Conciliator has the power, if he considers that the contemplated strike or lockout is detrimental to the interests of the country, to prohibit its proclamation until conciliation, in accordance with the provisions of the Act, has been tried. If the parties do not

CONCILIATION AND ARBITRATION

come to an agreement by conciliation within ten days of the Conciliator's prohibition of cessation of work either party shall be free to proclaim a strike or lockout. One month later the Conciliator shall invite the parties to enter into new negotiations.

Both employers and trade-unions seem to have taken up quite a favourable attitude towards the new Act. The point that was discussed more than any other was naturally the provision for compulsory arbitration in disputes relating to, or arising out of legal questions. On this point the Executive of the National Confederation declared that it could not offer any weighty objection to the provisions of the Act which related to this matter. In fact, the section which stipulated that disputes of a judicial character must be settled without cessation of work had already been inserted in most collective agreements, and the Congress of the Confederation had passed a resolution in favour of inserting this in all collective agreements.* It must be remembered that the disputes in question could always be settled by means of private arbitration.

In spite of the opposition of the workers in 1915, the Government passed, on June 9th 1916, a temporary Act providing for compulsory arbitration in all labour disputes which involved serious danger to the community. By a Decree of the same date it was also declared that the new law should be applied to any dispute which might arise out of the Act. The workers' reply to the Government was the declaration of a general strike. However, the Government was firm, and five days later the National Confederation rescinded the strike-manifesto. The speedy surrender of the Confederation may be attributed partly to the fact that the measure to which it objected was of a merely temporary nature (aiming at the prevention of stoppages of work during the War) and partly to the firm attitude of the Government. The Act was renewed during the War and the early post-War period, but expired on April 1st 1921, as both employers and workmen were strongly opposed to its continuance.

5—DENMARK

THE present system of arbitration in Denmark dates from 1910, although it has been modified to a certain extent by later legislation. As already stated in the previous chapter, the Court of Arbitration Act of April 12th 1910 defined the legal position of the trade-unions, a condition necessary for the establishment of the Permanent Arbitration Court provided for by the same Act.

The Arbitration Court consists of six ordinary members and six

* *Report of the National Confederation, 1916, p. 35.*

LABOUR POLICY

deputies for these, elected in equal numbers by the National Confederation of Trade Unions and the General Association of Employers. The ordinary members appoint a chairman and a vice-chairman, both of whom must be competent to serve as judges in the ordinary law-courts.

Action can be brought before the Arbitration Court for breaches of agreement between organizations of employers and organizations of workers, or between such organizations and individual persons, firms, or companies. The following are the main cases for which proceedings can be taken before the Court.

1. When an organization of employers* violates an agreement with an organization of workers.

2. When one or more members of an employers' organization* undertake an action by which the right of an organization of workmen according to an agreement with the employers' organization is violated.

3. When an organization of workmen, or members of such an organization, violate an agreement with an organization of employers.*

Other disputes between employers and workmen can also be brought before the Permanent Arbitration Court for settlement, and its awards are legally binding.

Damages for breach of a collective agreement shall be estimated by the Court with regard to the damage actually caused. Damages cannot be recovered if the breach of an agreement is caused by an unlawful act committed by the aggrieved party. As aggravations are considered : (1) if the breach of an agreement is contrary to a judgment given by the Arbitration Court or to its decision in a trade-dispute : (2) if the accused party has refused to refer a dispute to arbitration although bound by an agreement to do so.

The Act applied originally only to enterprises and organizations concerned with manufacture and transport, but not to agriculture and forestry. By an Act of October 4th 1919 these two industries were brought under the same regulations. This Act also increased the number of deputies of the Arbitration Court from six to sixteen ; the number of ordinary members was not altered.

According to the Conciliation Act of April 12th 1910 the Minister of the Interior at the suggestion of the Permanent Arbitration Court, has to appoint a Conciliator for the whole country. His duty is to try and bring about a settlement of disputes between workers and employers in the following way :—When he is informed that in consequence of an important trade-dispute a cessation of work is about to occur or has already begun, and that negotiations

* Or individual employer, or firm, or company.

CONCILIATION AND ARBITRATION

have not taken place or have been broken off, he can call upon the parties to open or re-open negotiations under his chairmanship. The parties are compelled to obey the request of the Conciliator. Thus conciliation is in fact compulsory in Denmark. During the negotiations the Conciliator is empowered to invite the parties to make the concessions which he considers necessary for a settlement of their dispute. He can also prepare and submit to the parties a scheme for settlement. Such a scheme however, must not be published without the consent of both parties unless negotiations have been broken off and cessation of work has begun. When preparing any scheme for settlement the Conciliator must consult one representative of each of the central organizations of workers and employers, or, if the parties are not affiliated to either of these organizations, he must take the advice of a representative of each party concerned. If the Conciliator considers it necessary, in order to settle a dispute, to have a complete knowledge of wages, working-time, and other working-conditions, and if he finds the statements given by the parties unsatisfactory or unreliable, he has the right to call the representatives of the parties as witnesses before the Permanent Arbitration Court.

The expenses incurred by, or salary due to, the Conciliator are paid by the State.

In 1918 a new section was added to the Act which provided that no attestation should be issued or evidence be given in respect of proposals or concessions during the negotiations before the Conciliator unless both parties agreed to this.

6—GREAT BRITAIN

DURING the eighteenth century Parliament passed several Acts providing for arbitration in trade-disputes.* Under these Acts the breach of an agreement arrived at by an Arbitration Court could be punished by fines or even imprisonment. As both employers and workmen were unwilling to submit trade-disputes to such Courts for settlement these Acts were all failures.

More successful than these legal experiments at creating industrial peace were the attempts made to introduce private and voluntary conciliation and arbitration. In the middle and second half of the nineteenth century it became more and more usual for joint councils, upon which workmen and employers were represented equally, to be established for the purpose of conciliation and arbitration. In 1684 there was created such a joint council for the building-trade at Wolverhampton, and the parties were bound beforehand

* The first of these Acts was I. Anne, Ch. 18, Section IV.

LABOUR POLICY

to observe and abide by the decisions reached. It also became a common practice to provide in the agreements for methods of settling disputes which might arise in the future. The above Conciliation and Arbitration Councils had in view the settlement of trade-disputes occurring in one industry or branch of industry. After the great strike of the London dockers in 1889 there were established also District Boards, whose object was to settle disputes in a certain district. The first of these, the *London Labour Conciliation and Arbitration Board*, was created in 1890 and was composed of twelve representatives of employers and an equal number of members appointed by the trade-unions. Several other District Boards were established at a later date. Their purpose is to settle trade-disputes by voluntary conciliation as well as by voluntary arbitration, the contending parties having agreed beforehand to abide by the decisions of the Board.

The only legal instrument dealing with the settlement of trade-disputes which existed at the beginning of the present century was the Conciliation Act of 1896.* This Act is still in force though somewhat modified and completed by subsequent legislation. It merely introduced measures, of an entirely voluntary character, to be taken by the Board of Trade in the event of trade-disputes. Thus this Department had the right to appoint a Conciliator, or Board of Conciliation, or an Arbitrator for the settlement of a dispute, but only on the application of the parties directly concerned. Section 2, subsection (3), stipulated that if a settlement of the difference were effected either by conciliation or arbitration a memorandum of the terms thereof should be drawn up and signed by the parties or their representatives, and that a copy of this memorandum should be delivered to, and be kept by, the Board of Trade. Further, this Department should from time to time present to Parliament a report of its proceedings under the Conciliation Act. According to the terminology explained above (see p. 320) the system introduced by the Act must obviously be regarded as a combined system of quasi-arbitration and voluntary conciliation.

In this connection we must draw attention to the voluntary organizations for the settlement of trade-disputes, particularly in the iron-, textile-, building-, and shoe-industries. These organizations (which are called Trade Boards when they apply to the whole trade, and District Boards when they apply only to the trade within a certain district) consist of an equal number of representatives of masters and men.

At the Trade Union Congress of 1902 a resolution in favour of compulsory arbitration was moved. It was suggested that the

* 59 and 60 Victoria, Ch. 30.

CONCILIATION AND ARBITRATION

Congress should call upon the legislature to pass an Act creating Courts of Arbitration, which should be composed of an equal number of workmen's and employers' representatives, and should be presided over by a Lord Justice. Legal experts should in all cases be debarred from acting as representatives. The power of the Courts should be absolute and its decisions enforceable, provided all efforts to secure conciliation had failed. In all cases workmen's representatives should be selected by the trade-unions as Commissioners of the aforesaid Courts, and in order to deal effectively with disputes such Commissioners should be appointed for all the great staple industries. The Act providing for these measures should apply to all industrial disputes throughout the United Kingdom.*

The mere fact that such a proposal could appear on the agenda of a Trade Union Congress is in itself noteworthy. It was defeated, however, by 961 votes to 303. The agreements for and against compulsory arbitration advanced in the discussion were rather weak. One member pointed out that he had recently been in conference with the boiler-makers of New Zealand, where compulsory arbitration existed†, and he had come to the conclusion that it was very disadvantageous to the workmen. Several speakers were opposed to the proposal because the Arbitration Courts were to be presided over by a Judge, while others said that they would prefer to have a case submitted to an honourable English Judge than to an ordinary employer; one speaker emphatically declared that he would rather trust such a man as Lord Brampton than the whole Parliamentary Committee.

The Labour arguments for compulsory arbitration are to be found in the printed resolutions submitted to the Congress.‡ The necessity for compulsory arbitration was emphasized in view of the ever-increasing growth of the trusts and combines of speculative capitalists which were a source of grave danger to the nation and the workers on account of the dislocation of trade, stoppage of work and consequent distress to the wage-earners which they caused. It was pointed out further that the arbitration made possible by the Conciliation Act of 1896 was of a purely voluntary character, and was practically useless for the settlement of trade-disputes which of recent years had caused enormous loss to the nation and had inflicted great suffering upon the workers and their dependants; this type of arbitration ought, therefore, to be replaced by compulsory arbitration. Another factor was the Taff Vale decision which made the position of the trade-unions very insecure

* *Report*, 1902, p. 66 *seq.*

† Since 1894.

‡ pp. 12-13.

LABOUR POLICY

and threatened their traditional strike-policy. At the time when these resolutions were submitted to the Congress one would indeed have expected that the Taff Vale decision would have influenced the Trade Unionists strongly in favour of compulsory methods. Nevertheless the Trade Unionists for the most part were still opposed to the introduction of compulsory machinery for the settlement of trade-disputes, principally because they feared that it would completely destroy the great power of the trade-union movement. A resolution in favour of compulsory arbitration similar to that already mentioned was also moved at the Congress of 1903, but was rejected by a large majority.

The Congress decided that the Parliamentary Committee should draft a Bill for the establishment of a Court which should be authorized to demand evidence compulsorily in any trade-dispute in which the parties had not agreed to settlement after a month had expired since the declaration of a strike or lockout. Either of the parties or a public authority should have the power to call for investigation, and should issue a public report in the event of disagreement between the parties concerned. The Court should be constituted by an equal number of employers' and trade-union representatives and should be presided over by a chairman mutually agreed upon, or, failing agreement, the Board of Trade should appoint the Chairman. The court should be movable and have the power to call for Special Commissions of investigation and report. Mr. Bell in 1904 introduced a Bill into Parliament on the lines recommended by the Congress, but it did not lead to any result.

Up to 1909 the resolution for compulsory arbitration brought forward for the first time in 1902 appeared under various forms at the Annual Congresses, but was constantly defeated. However, at the Trade Union Congress held at Sheffield in 1910 Mr. Tillett moved a resolution instructing the Parliamentary Committee "to prepare a report on the various existing forms of conciliation and arbitration in industrial disputes both British and foreign." This resolution was agreed to; the report was prepared by the Parliamentary Committee and published in the Report of the Trade Union Congress, 1911. The Committee considered the various forms of conciliation and arbitration but made no pronouncement in favour of any particular system.

In the same year a Bill was introduced to the House of Commons by Mr. W. Crooks and supported by Messrs. Henderson, Barnes, Parker, and other Labour Members. Undoubtedly this Bill represented an earnest attempt to guarantee a settlement of trade-disputes, and it did not hesitate to introduce penalties for individual workmen who went on strike contrary to the provisions of the Bill.

CONCILIATION AND ARBITRATION

Each workman should be liable to a fine of not less than two pounds and not more than ten pounds for each day or part of a day that he was on strike. At the same time any employer declaring or causing a lockout contrary to the provisions of the Bill should be liable to a fine of not less than twenty pounds and not more than two hundred pounds a day.* The Bill was unsuccessful.

The Conciliation Act, 1896, was supplemented by a Government Memorandum of September 1st 1908 which was communicated to employers' and workmen's associations as well as to Chambers of Commerce. This Memorandum provided for the establishment of a Court of Arbitration composed of three or five members, according to the wishes of the parties. Employers and workmen should be represented in equal numbers under an impartial chairman, all members to be nominated by the Board of Trade. At the request of the Court or of the parties the Board could appoint technical assessors to assist in the investigation of the matter in dispute. The arbitration by the Court was of a purely voluntary character.†

The industrial unrest which culminated in 1912 (when the number of working men involved in strikes amounted to about one and a half million, and the aggregate duration of the strikes was approximately 40 million working days) led the Government in June of that year to instruct the Industrial Council to inquire into the best methods for securing the due fulfilment of industrial agreements, and to ascertain how far and in what manner such agreements could be enforced throughout a particular trade or district. The Industrial Council was under the Chairmanship of the Chief Industrial Commissioner (Sir George Askwith, now Lord Askwith) who was at the same time engaged in examining the Industrial Disputes Investigation Act of Canada, 1907, the report of which was given to the Board of Trade in December 1912. The well-known Labour representatives, Messrs. Bell, Bowerman, Clynes, Gosling, and Henderson, were members of the Industrial Council.‡ Its report was presented to Parliament in July 1913. The Council came to the conclusion that the establishment of a system of monetary penalties was not desirable, and that penalties such as the prohibition of assistance to persons who had committed a breach of an agreement should not be made legally obligatory. The opinion, however, was emphasized that where a breach of an agreement had been committed no assistance should be given to the person who had broken it by any of the other members

* *Public Bills*, 1911, No. 360.

† *The Labour Gazette*, September 1908.

‡ The Council, which consisted of an equal number of employers' and workers' representatives under an independent Chairman was appointed by the Government in 1911 in order to facilitate the settlement of important trade-disputes.

LABOUR POLICY

of the associations concerned in the agreement. It was argued further that moral influence in favour of a strict carrying out of agreements, should be brought to bear in every way possible, and that, in the event of a dispute arising as to the *interpretation* of an agreement, the point in dispute should be referred to an independent Arbitrator or to a Court of Arbitration, which should either have a casting vote or at least suggest a solution if the parties should fail to agree. It was also recommended that before cessation of work took place a period of time should be allowed to elapse so that further consideration might be given to the question and some authority representing the community might be introduced. Finally the Report proposed that on the application of both parties to an agreement, and on the condition that both parties represented a considerable number of employers and employed in a certain industry in a district, the Board of Trade might extend the agreement to the whole industry of that district. Such extension, however, should not take place unless the agreement provided that a certain number of days' notice should be given of any intended change affecting conditions as to wages or hours of work, and that there should be no stoppage of work nor alteration of the conditions of employment until the dispute had been investigated (by some agreed tribunal) and a pronouncement had been made upon it. When examining an application for such an extension of an agreement the Board of Trade should account it a favourable circumstance if the agreement made provision against giving assistance to persons who caused stoppage in contravention of the agreement.* The Report of the Industrial Council shows that not only employers but also the more thoughtful Labour leaders were quite aware of the danger to themselves of over-strong State-intervention in favour of either side, and that they preferred to avoid any hasty legislation on the question. The Report throughout is stamped by great caution, and it is both unfair and inaccurate to describe this as weakness, as some have done.

An interesting Bill dealing with industrial agreements was introduced into the House of Commons in 1912 by Mr. Ramsay MacDonald.† The Bill aimed at making voluntary agreements between employers and workmen in the Port of London legally enforceable over the whole trade. There was a strike proceeding in the London Docks at the time, and the difficulties which had led to the dispute arose in the first instance among employers or workmen who had not been parties to the voluntary agreements between organized workmen and employers. This Bill proposed that, if the Port of

* *Commissioners Reports*, 1913, Cd. 6952.

† *Public Bills*, 1912-13, No. 253.

CONCILIATION AND ARBITRATION

London Authority came to an agreement with the organized labourers, that agreement should be registered by the Board of Trade and apply to the whole class of trade connected with the Port of London ; it would thus be implied in the terms of every contract for the employment of workmen in that Port in so far as wages, hours, and other conditions of labour were concerned. The Bill did not contain any clause relating to the legal enforcement of the agreement, but Mr. Macdonald, when moving the Bill, gave an idea as to his meaning in this respect. " If an employer," he said, " tried to employ men as carters at less wages than those set forth in the agreement the employer should be sued, on the ground that he was paying a wage less than the local wage, and the Magistrate should be empowered to compel him to pay a wage similar to that specified in the agreement*." At the Trade Union Congresses of 1912 and 1913 resolutions in the same sense were also moved, but they were rejected by large majorities. The most obvious objection to legislation of this kind is that it is one-sided. The employer not directly bound by the agreement might be sued because he did not pay the wages established by it ; but how would the workman similarly situated be dealt with ? Would he be sued because he refused to work on the terms laid down in the agreement but demanded more wages ? This was obviously impossible.

During the War the question of extending agreements was again brought forward. By the Munitions of War Act of 1917 † the Minister of Munitions was authorized to order that agreements as to wages, hours of work, and employment made between the majority of employers and workmen engaged on or connected with munition-work in any trade or branch of a trade should be binding on all other employers who were engaged similarly. Before the passing of this Act a memorandum, worded as follows, was agreed upon by certain employers and trade-unions in the engineering- and founding-trades : " The Engineering Employers' Federation and the Unions whose signatures are appended hereto recommend to His Majesty's Government that arrangements should be made whereby all employers in a trade or trades affected should be subject to the awards which may be made by the Committee on Production ‡ in virtue of the agreement hereto attached." Similar memoranda were subsequently adopted in other trades. After the passing of the Munitions of War Act, 1917, the Minister of Munitions authorized the extension of such awards to the whole trade.¶ This, of course, was an emergency-measure adopted during the War in order to avoid trade-

* *The Times*, June 26th, 1912, p. 14.

† 7 and 8 George V., Ch. 45.

‡ *Cp.*, pp. 342, 343.

¶ Ministry of Labour, *Twelfth Report of Proceedings under the Conciliation Act*, 1896, H.C. 185/1920, p. 22.

LABOUR POLICY

disputes. For some time certain trade-unions and individual Labour spokesmen were in favour of proceeding on these lines even after the War, but Labour generally is still opposed to the principle of extending voluntary agreements,* and the employers also are against legislation in this direction.

Provision was made during the War for compulsory arbitration to which the above-mentioned measure was only the natural accompaniment. Recognizing the fact that trade-disputes would hamper the prosecution of the War the Labour authorities loyally provided for special measures in order to avoid such disputes. On August 25th 1914 at a joint meeting of the Parliamentary Committee of the Trade Union Congress, the Executive Committee of the Labour Party, and the Management Committee of the General Federation of Trade Unions the following resolution was passed: "That an immediate effort be made to terminate all existing trade-disputes whether strikes or lockouts, and whenever new points of difficulty arise during the period of war a serious attempt should be made by all concerned to reach an amicable settlement before resorting to a strike or lockout."† As a result the number of strikes in progress was reduced considerably forthwith.

The difficulties arising in the engineering-trade out of the shortage of skilled labour made special arrangements by the Board of Trade necessary. The programme drawn up by the Department had in view first of all the settlement of disputes by means of some agreed procedure of arbitration, so that there need be no stoppage of work by strike or lockout. The Chief Industrial Commissioner was instructed to make inquiries in this respect on behalf of the Board of Trade, and in the beginning of February 1915 the *Committee of Production* (then called the Committee on Production in Engineering and Shipbuilding Establishments) was appointed; the function of the Committee was to inquire and report forthwith, after consultation with the representatives of employers and workmen, as to the best steps to be taken to ensure that the productive power of the employees in those establishments which were working for the Government should be available to the fullest extent in order to meet the needs of the nation in the prevailing emergency. From the beginning, therefore, the Committee had no authority to interfere directly in the settlement of trade-disputes. But when Labour unrest reappeared in 1915 stronger measures became necessary, and the power of the Committee of Production to influence the settlement of trade-disputes had to be extended. The Committee

* Labour Research Department, *The Regulation of Wages during and after the War*, 1918, p. 18.

† H.C. 185/1920, p. 5.

CONCILIATION AND ARBITRATION

submitted the following recommendation to the consideration of the Government :* " With a view to preventing loss of production caused by disputes between employers and work-people, no stoppage of work by strike or lockout should take place on work for Government purposes. In the event of differences arising which fail to be settled by the parties directly concerned, or by their representatives, or under any existing agreements, the matters shall be referred to an impartial tribunal nominated by His Majesty's Government for immediate investigation and report to the Government with a view to settlement." The result of this recommendation was that the authority of the Committee with regard to trade-disputes was extended so as to enable it to act as an Arbitration Tribunal. The Ministry of Munitions was formed in July 1915, and it absorbed the work of the Committee with regard to production in the engineering- and shipbuilding-trades ; therefore to act as an Arbitration Tribunal now became the principal function of the Committee. In May 1917 the composition of this Committee was altered in such a way that representatives of employers and workmen became members of it.

Besides the Committee of Production several other arbitration-authorities were at work during the War ; there were, for instance, single Arbitrators agreed upon by the parties directly concerned in a particular dispute or appointed by the Board of Trade, and also Courts of Arbitration where employers and employed were represented equally.

In March 1915 the Government invited representatives of the trade-unions to a Conference at the Treasury. The result of this Conference is known as the Treasury Agreement which was binding morally though not legally. This important agreement provided *inter alia* that in all cases of failure to reach a settlement by the parties directly concerned, or their representatives, or under existing agreements, the matter in dispute should be dealt with by any one of the three above-mentioned arbitration-authorities, whichever was agreed upon mutually. In default of agreement as to which authority should deal with the dispute the Board of Trade would decide upon one of them. The Treasury Agreement did not introduce compulsory arbitration, but the trade-union representatives who had signed the agreement pledged themselves to recommend to the members of their organizations that stoppages on munition-work should not take place during the War, and that differences with regard to wages or conditions of employment should be settled by the above tribunals.

Compulsory arbitration was first introduced by the Munitions

* H.C. 185/1920, p. 6.

LABOUR POLICY

of War Act, 1915.* When dealing with this Act it is important to make it clear first of all to which industries the Act applied. Part I of the Act contained stipulations with regard to the settlement of Labour differences and the prohibition of lockouts and strikes under certain circumstances. Section 3, however, declared that these provisions applied only to differences as to rates of wages, hours of work, or other conditions affecting employment in the manufacture or repair of arms, ammunition, ships, vehicles, aircraft, or any other articles required for use in war, or of the metals, machines and tools required for their manufacture. Consequently the coal-mines did not come under the provisions of the Act. During the preparation of the Bill the Minister of Munitions held Conferences with the Executive Committee of the Miners' Federation, and stated that it was the desire of the Government to bring the miners under the Bill but that it would not bring pressure to bear upon them. The Executive answered that the Federation was against the miners coming under the Bill, but that they would do their utmost to maintain the output of coal. The above-mentioned section of the Act, however, declared further that Part I could be extended by Royal Proclamation to disputes in any branch of industry, and this was actually done in several cases. Part I of the Act prohibited lockouts and strikes under certain circumstances, and this stipulation was also given the necessary complement of a ruling with regard to compulsory arbitration. Thus an employer might not cause or take part in a lockout, nor a workman in a strike, in connection with any difference to which Part I of the Act applied, unless the difference (having been duly reported to the Board of Trade and twenty-one days having elapsed since the report was made) had not been referred by the Board of Trade for settlement in accordance with the following stipulations. The Board of Trade should consider any Labour difference which was reported to them as already existing or apprehended, and should take such steps as seemed expedient to promote a settlement of the difference. The Board of Trade could refer the case for settlement by arbitration or any other suitable means. Any award or settlement so made should become binding on both employers and workmen, and failure to comply therewith should be subject to penalties imposed by a Munitions Tribunal. A system of very strong compulsory arbitration was thus established, based ultimately upon the military discipline which was introduced into civilian life by the public opinion of the country.

By the Munitions of War (Amendment) Act, 1916,† the application of Part I of the original Act was extended to several other

* 5 and 6 George V., Ch. 54.

† 5 and 6 George V., Ch. 99.

CONCILIATION AND ARBITRATION

branches of industry, and the Ministry of Munitions was authorized to give direction as to the rates of wages, hours of labour, or conditions of employment of female workers engaged on certain classes of munition-work, and also of semi-skilled and unskilled men employed in any controlled munitions-establishment. Special Arbitration Tribunals for dealing with and settling disputes in these matters could be established by order of the Minister of Munitions. Special Arbitration Tribunals also were set up to deal with women's wages and with wages of men who were more or less unskilled. For the purpose of dealing with differences arising out of the directions given by the Minister of Munitions with regard to work paid at time-rates, the granting or withholding of a bonus, and so forth, the Munitions of War Act of 1917 stipulated that the Committee of Production should be constituted as a Special Arbitration Tribunal. It is of importance to notice that by the New Ministers and Secretaries Act, 1916*, the powers of the Board of Trade as regarded the Conciliation Act and those sections of the Munitions of War Acts of 1915 and 1916 which dealt with trade-disputes were transferred to the new Ministry of Labour.

The prevention of strikes by the provisions made in the Munitions of War Acts was much less effective than one would have expected, particularly as at the time strikes were regarded by public opinion as highly unpatriotic actions. During the 33 months that the Acts were in force they were broken by approximately 1,500,000 workmen who went on strike. If these men had been fined according to the provisions of the Acts they would have had to pay a total sum of 55 millions. The disputes were generally settled by meeting the demands of the strikers.† The experience of the inefficacy of compulsory arbitration was one of the reasons why the Committee on Relations between Employers and Employed, 1918, was opposed to the introduction of it.‡

The sections of the Munitions of War Acts dealing with the prohibition of strikes and lockouts were repealed by the Wages (Temporary Regulation) Act, 1918.§ The Special Arbitration Tribunals were also abolished, but compulsory arbitration was maintained with regard to the following matters:—(1) Whether a workman is a workman of a class to which a prescribed rate of wages is applicable. (2) What the prescribed rate of wages is. (3) *Whether any other rate should be substituted for the prescribed*

* 6 and 7 George V., Ch. 68.

† *Monthly Labour Review*, Washington, Feb., 1919, p. 271

‡ *Cp.*, p. 346.

§ 8 and 9 George V., Ch. 61.

LABOUR POLICY

rate. (4) What the substituted rate of wages should be.* Any difference on these points could be reported to the Minister of Labour by either of the parties, and the Minister could take whatever steps he considered expedient in order to promote a settlement. He had power to refer the difference for settlement to the Interim Court of Arbitration established for this purpose. This Court was composed of the members of the Committee of Production, which had ceased to exist, and of a certain number of additional members. The Wages Act, 1918, was intended to facilitate the transition of industry from war-time conditions to conditions of peace. It was thus a purely temporary measure; it was passed originally only for a period of six months, and was finally replaced by the Industrial Courts Act which will be dealt with below.

In January 1918 the report of the Whitley Committee on conciliation and arbitration in trade-disputes was issued. The Committee decided against the introduction of any system of compulsory arbitration, but favoured an extension of voluntary machinery for the adjustment of disputes: it thought that when the parties were unable to adjust their differences some machinery should be set up by which an independent inquiry into the facts and circumstances of a dispute might be made, and an authoritative report thereon issued, but it did not hold that there should be any power of delaying compulsorily the outbreak of strikes and lock-outs. The Committee recommended further that a standing Arbitration Council should be set up for cases where the parties wished to refer any disputes to arbitration, although single arbitrators should be available where the parties so desired.†

The principles laid down in the report of this Committee were embodied more or less in the Industrial Courts Act, 1919,‡ which provided for the establishment of an Industrial Court, and Courts of Inquiry in connection with trade-disputes. The Act provided further for other means of settling such disputes and for the continuance of certain provisions of the Wages (Temporary Regulation) Act. Under the provisions of the Industrial Courts Act the Minister of Labour was entrusted with the appointment of the members of the Industrial Court of whom some were to represent the employers, some the workmen, and some be independent; one or more women also should be appointed

* According to the same Act employers were required to pay, during the period of the operation of the Act, rates not less than the prescribed rates (corresponding approximately to the standard rates existing at the date of the Armistice) or such other rates as might be substituted for them by an award of the Interim Court of Arbitration.

† *Cd.* 9099, 1918, p. 3.

‡ 9 and 10 George V., Ch. 69.

CONCILIATION AND ARBITRATION

members of the Court. With regard to a trade-dispute reported to the Minister of Labour, he was empowered to take such steps as seemed to him most expedient in order to bring about a settlement of it. At his discretion he could refer the matter in dispute for settlement to: (1) The Industrial Court; (2) One or more persons appointed by him as Arbitrators; (3) A Board of Arbitration consisting of one or more persons nominated by, or on behalf of, the employers and the workmen concerned, under an independent chairman appointed by the Minister; women could be members of this Board. However, if in any trade or industry there existed already arrangements for settlement by conciliation or arbitration, the Minister should not refer the matter for settlement according to the above-mentioned provisions without the consent of both parties in the dispute.

The whole system of arbitration established by this Act is purely voluntary, in accordance with the principles laid down in the Conciliation Act of 1896. It has been pointed out by Mr. W. H. Stokes that the weight of the tribunal's decisions will necessarily depend upon the good faith of the parties, and their confidence in and respect for the tribunals.* It is to be observed that confidence in and respect for a tribunal of this kind are entirely dependent upon its success. If the Industrial Court proves its ability by settling a large number of disputes it will surely gain the confidence of employers and workmen as well as of the public. Such a Court will, no doubt, acquire great authority and its awards will be respected. On the other hand, if the Court at the outset is unsuccessful, no matter how learned and capable its members may be, such a Court will be doomed to fail in the future.† One anomaly in the Act—a formal one—is the introduction of the term "Court" for a body which has no power whatever to enforce its decisions.

The Industrial Courts Act also introduced Courts of Inquiry on the Canadian model. Such Courts consist of a chairman and such other persons as the Minister thinks fit to appoint. The Minister has the right, whether a trade-dispute is reported to him or not, to inquire into the causes and circumstances of the dispute, and, if he thinks fit, to refer any matters which are relevant to the dispute to a Court of Inquiry. Such a Court may, with certain exceptions, require any person who appears to the Court to have

* *The Industrial Courts Act, 1919, and Conciliation and Arbitration in Industrial Disputes*, London 1920, p. 17.

† In 1920 altogether 540 cases were referred to the Court. Its awards when determining wages were based first of all upon a consideration of the "value of the work done." Due weight was given also to the necessity of preventing wages falling below the level necessary for an adequate standard of living. *The Labour Gazette*, 1921, p. 516.

LABOUR POLICY

any knowledge of the subject-matter of the inquiry to furnish such particulars in relation to it as the Court may demand, and, where necessary, to attend before the Court and give evidence on oath. The Act here clearly introduces a measure which implies compulsion and which may be useful for investigating trade-disputes. From a legal point of view it involves a wrong principle when it forces a person to give evidence on oath as regards situations which cannot be altered by legal compulsion, and acts which cannot be considered unlawful.*

Finally, the Industrial Courts Act provided that certain sections of the Wages (Temporary Regulation) Act relating to wages should remain in force until Sept. 30th 1920,† and that the power to substitute any enforceable rate for the prescribed rate should cease.

On several occasions during the War the Government had pledged itself to restore pre-War conditions in industry after the War. The precise meaning of the phrase "after the War" was not clear, and the question arose whether it meant after the cessation of hostilities or after the actual conclusion of peace. The Labour Party and the trade-unions defined it in the former sense, while the Government obviously used it in the latter.‡

The Labour Party and the trade-unions accused the Government of not fulfilling its pledge, and insisted upon having the pre-War conditions restored as soon as possible after the Armistice. The trade-unions were particularly anxious to get the "right to strike" restored immediately. The Government, however, was not willing to do this, first for the simple reason that strikes would increase further the great shortage of goods by diminishing production. But it was obvious that the Government could not refuse for long, and a few days after the passing of the Act which carried the Peace Treaty|| into effect the Restoration of Pre-war Practices Act§ was passed also. This Act instructed employers to restore and to permit the restoration of the pre-War trade-practice, for a minimum time of one year, and authorized the workmen to open legal proceedings against an employer who failed to fulfil the provisions of the Act. In this way the "right to strike" was obviously recognized; and, as already mentioned, the Industrial Courts Act (which was passed three months later) regulated the practice with regard to trade-disputes chiefly on the basis of pre-War principles. The passing of the Pre-War Practices Act raised a

* If unlawful acts were committed a court of law, and not the Court of Inquiry, would be the proper authority to undertake the investigation.

† These sections actually expired on the prescribed date.

‡ *Cp.* 8 and 9 George V., Ch. 59; and Order in Council 1920, No. 1348.

|| 9 and 10 George V., Ch. 33.

§ 9 and 10 George V., Ch. 42.

CONCILIATION AND ARBITRATION

storm of disapproval from the British Labour movement, and the Labour press throughout the country attacked the Government with great energy, accusing it of breach of faith. This dissatisfaction appears to have been due to a misapprehension of the nature of this pledge which in reality meant simply that the Government would restore the relationship between employers and employed to the pre-War footing; this was also actually carried out by the Pre-War Practices Act.

It is of interest to notice that during the first months of peace the more thoughtful members of the trade-unions were opposed to strikes, and for the same reason as the Government. Thus in February 1919 the Parliamentary Committee of the Trade Union Congress issued a circular to the officials and members of societies affiliated to the Congress, with a view to preventing industrial unrest and so-called "unauthorized strikes." In several parts of the country minorities of workmen had caused strikes against prevailing agreements which had been arrived at by "well-established and constitutional procedure." So, for instance, a 47 hours' working-week in the engineering and ship-building trades had been established by a conference of authorized representatives of employers and employed. The memorandum of the agreement had been signed by both parties, and accepted by the trade-unions concerned by 337,029 votes to 159,887. Nevertheless some minority-groups of workmen had struck, in some cases for a 44 and in others for a 40 hours' working-week. The Committee strongly expressed its disapproval of such unauthorized strikes which would do more harm than good to the trade-unions and were against their fundamental principle of collective bargaining.*

In conclusion it may be said that British legislation relating to the settlement of trade-disputes has not developed to any great extent during the twenty-five years existence of the Conciliation Act. Under a system of voluntary conciliation and arbitration such as that which is actually in force in the United Kingdom, by far the greatest part of all trade-disputes is bound to be settled by force; in most cases the settlement depends entirely upon the relative economic strength of employers and employed.

7—GENERAL SURVEY

NONE of the countries which we have considered has found it advisable as yet to establish a system of permanent compulsory arbitration except Norway, but here the use of compulsory arbitration is limited to disputes which arise out of the interpretation of

* *Report of the Trade Union Congress, 1919, pp. 96-8.*

LABOUR POLICY

collective agreements. A temporary system of compulsory arbitration was introduced, however, in Great Britain, France and Norway during the War, in order to prevent industrial unrest. Although this system proved successful on the whole it would be dangerous to draw any definite conclusions with regard to peacetime from the results achieved by compulsory arbitration during and immediately after the War; the success of the system was certainly due in a large degree to the strong powers conferred upon the Government, and also to public opinion which was immediately aroused by the slightest sign of industrial unrest. Nevertheless the experience in compulsory arbitration which was gained during the War is valuable as it proved that in a case of real emergency it is necessary to resort to compulsory arbitration in order to secure industrial peace.

Other compulsory measures for facilitating the settlement of trade-disputes are not alien either to Danish or Norwegian legislation; even British legislation is not entirely free from them; and there are tendencies which indicate that it is only a question of time till the French legislature will establish some sort of compulsory system for the maintenance of industrial peace.

The only compulsory measure provided for by British laws is concerned with procuring evidence for investigating the conditions of a trade where a dispute has arisen. The Courts of Inquiry (established under the Industrial Courts Act, 1919) are given the right to require information from persons who appear to have knowledge of the matters to be investigated and where necessary, to demand evidence on oath. Apart from the fact that from a legal point of view this provision involves a wrong principle* it stands in sharp contrast to the whole system of voluntary conciliation and arbitration established by the Conciliation Act of 1896 and the Industrial Courts Act of 1919. It is clear that in Great Britain, where collective agreements cannot be enforced by law, and where the civil responsibility of employers' and workers' unions is strictly limited, compulsory measures for the settlement of trade-disputes are not justifiable. In fact the introduction of such measures would necessitate a complete alteration of the legal position of the trade-unions under the Trade Union Acts, 1871-1913, and the Trade Disputes Act 1906, so as to give them full legal responsibility. Moreover, compulsory interference between Capital and Labour is opposed to the whole spirit of British legislation, and it has never been popular either among the employers or among the working-people.

The prevailing method of settling trade-disputes in Great Britain

* *Vide*, p. 348.

CONCILIATION AND ARBITRATION

may be described as a system of voluntary quasi-arbitration combined with semi-voluntary conciliation, i.e. (1) the recourse to arbitration is voluntary and the awards given by the Industrial Court and by the Arbitrators are not enforceable legally; (2) the recourse to conciliation is voluntary, but the parties to a trade-dispute can be compelled by law to produce evidence.

The French and Swedish systems approach most nearly to the British type. They are based, on the one hand, upon voluntary legal arbitration, and, on the other, upon voluntary conciliation, i.e. (1) the recourse to arbitration is voluntary and the awards given by the Boards of Arbitration and by the Arbitrators are legally enforceable; (2) the recourse to conciliation as well as the giving of evidence are voluntary.

That compulsory measures have not been introduced into Swedish law, even for the interpretation of collective agreements, is due largely to the fact that Sweden has no specific trade-union law. Consequently the Government has not considered that the legal position of parties in trade-disputes is defined sufficiently well to justify the establishment of a special Arbitration Court.

France, on the other hand, has special trade-union laws, and the legal position of the trade-unions is well-defined. The prevailing system is the same as in Sweden but the Government has adopted a favourable attitude towards compulsory interference in trade-disputes and has introduced legislation to this end. As compulsory arbitration in important trade-disputes, as proposed by the Government, is opposed by both employers and workers it is probable that some system of compulsory conciliation in important trade-disputes combined with compulsory arbitration in legal disputes will be the outcome of the Government's efforts.

Neither Danish nor Norwegian legislation has hesitated to introduce compulsory measures for settling trade-disputes. Denmark has a combined system of voluntary legal arbitration and compulsory conciliation for disputes of great importance. The Norwegian system is based, on the one hand, upon voluntary arbitration for ordinary trade-disputes together with compulsory arbitration for disputes arising out of the interpretation of collective agreements; and, on the other hand, upon compulsory conciliation and the temporary prohibition of strikes for important disputes. Disputes of minor importance are generally settled by voluntary conciliation.

Whether compulsory measures are preferable to voluntary conciliation and arbitration for settling trade-disputes depends first of all upon the character of the employing and working-classes in each country. With an adaptable and compliant nation compulsory measures may give excellent results, whereas they may

LABOUR POLICY

prove entirely useless in a country where masters and men have an independent spirit and are opposed to all constraint upon their freedom of action. It is impossible therefore, to give a general opinion as to which system of arbitration or conciliation is the better, compulsory measures being preferable in some countries, voluntary in others. But the one important principle which must always be borne in mind is this, the amount of compulsion introduced in peace-time legislation must never be greater than can actually be enforced by law. For this reason there must always be complete harmony between trade-union legislation and the laws which provide for the settlement of trade-disputes.

CHAPTER XXII

MINIMUM WAGE

I—INTRODUCTORY NOTES

MINIMUM-WAGE legislation is closely connected with legislation regarding trade-agreements which has been considered in the preceding chapter ; this is the case not only because its object is the establishment of certain minimum-terms for such agreements but also because these two forms of legislation have many points in common. For instance, the question as to the compulsory extension of trade-agreements is a problem connected with the minimum-wage as well as with industrial peace. However, there is an important difference between the principles underlying minimum-wage legislation and legislation with regard to trade-agreements. The former aims at protecting one party only, whereas the latter is based upon reciprocity ; in the first case State-interference is required in order to protect one party against injustice and a social evil, while in the second case this reason for State-interference presumably does not exist. It is important to remember this distinction because so long as there is no such pretext (for instance when the workers are paid well as compared with other workers performing similar work) State-interference in favour of the workers would imply a departure from the minimum-wage principle.

We can distinguish the following motives for State-interference by means of minimum-wage regulations : (1) that wages are below the poverty-line (as in sweated industries) ; (2) that wages of certain workers in a trade are below those of other workers performing the same or similar work ; (3) that wages of workers in a certain establishment or trade are low as compared with the current rate of wages in the same district.

2—FRANCE

THE movement for establishing a minimum-wage started in France towards the end of the last century, but legislative measures in connection with the question were not adopted until quite recently. The leading agent in this movement was the National Association

LABOUR POLICY

for the Legal Protection of the Workers, of which MM. Millerand, Barthou, Vaillant, Fagnot and Keufer were prominent members.

This movement aimed not only at establishing minimum-wages in the sweated industries, but also at fixing by law normal wages in each trade, these wages to be equal to the current wages in each district. This principle was supported by the Superior Council of Labour*, but the French Parliament opposed it. The Government, however, under the influence of M. Millerand, took the matter up, and on August 10th 1899 issued a Decree, known as the *Decree Millerand*, which provided that employees engaged on work under public contract should be paid normal wages equal to the current rate of wages in the district in which the work was carried on. But the Decree was not of very great value to the workers because, although the municipal authorities were empowered to repay to a worker the amount by which the current wages exceeded the wages he had actually received, it rested with the worker himself to prove that he had not received wages equal to the current rate.† This was not an easy matter for an individual workman or even for a syndicate to do. It must be remembered also that the law-courts do not regard as void those clauses in a Labour contract which provide for lower wages than the current rate.

Minimum-wage legislation has not developed to anything like the same extent in France as it has in England. It applies exclusively to female home-workers in certain specified industries.

On November 7th 1911 the Government introduced into the Chamber of Deputies a Bill providing for the establishment of minimum-wages in certain industries which employed female out-workers. The Bill, which was drawn up by the Superior Council of Labour, made very slow progress. It was carried by the Chamber of Deputies in October 1913 and subsequently by the Senate (in both chambers by a unanimous vote), and it became law on July 10th 1915.‡ In 1919, the latest year for which complete information is available, 6,323 employers and about 130,000 workers came under this Act§ of which the main provisions are as follows :

The law applies to female workers employed at home on clothing, millinery, shoes, lingerie, embroidery, lace, feathers, artificial flowers, and any other work belonging to the clothing-industry. However, the provisions of the law can, on the recommendation of

* *Vide*, p. 446.

† R. Picard, *Le Minimum légal de Salaire*, Paris 1913, p. 28.

‡ *The Labour Code*, Vol. I., Articles 33 *seq.*

§ *Bulletin du Ministère du Travail*, 1920, p. 346. The figures estimated in the official report on the Bill, 1913 (850,000 women-workers), prove that a far wider application of the law had been expected. *Cp. Rapport Berthod*, 20th January, 1913 (*Doc. parl.*, Ch. 10).

MINIMUM WAGE

the Superior Council of Labour, be extended by Administrative Regulations to apply also to female home-workers other than those mentioned in the Act.*

The Labour Councils, established in accordance with the Act of July 17th 1908,† are entrusted with the task of determining the minimum-wages in their respective districts. For this purpose the Councils have to ascertain the average wage paid customarily to female factory-workers employed on the same or similar work. This average wage shall serve as a basis for determining the minimum-rate, which shall be such as to enable a female-worker of average skill to earn in ten hours a wage equal to the ascertained average wage. The Labour Councils are empowered to revise the minimum-wages at least every third year.

When the law came into operation there were not many Labour Councils in existence, and accordingly provision was made for establishing, in departments where no Labour Councils existed, Wages' Committees composed of two or four male or female workers and of an equal number of employers, under the chairmanship of the Justice of the Peace in the chief town of each department. For the purpose of determining minimum piece-rates the law provided that Committees of Trade Experts should be formed, to be composed of two female workers and two employers of the clothing-trade, under the chairmanship of the Justice of the Peace of the district in which the Committee operated.

Before a minimum-rate comes into force the *Central Wages Commission* sitting in the Ministry of Labour must be informed, and a period of three months is allowed for protests concerning it. If no protest is made either by the Government or by any interested organization or individual the rate must be awarded by all employers concerned after the three months have elapsed, or, if protests have been made, immediately after the decision of the Central Commission is given. This Commission is composed of employers' and workers' representatives in equal numbers, and two experts, one of whom must be a lawyer who must also act as president.‡

Wages Committees have been established and minimum-wages fixed in all departments except the Aisne and the Ardennes. There are only six departments in which Committees of Trade Experts have not been formed.§

* During the War minimum-wages were established for women employed on certain war-works. Cp. M. Duchêne, *Les Progrès de la Législation sur le Minimum de Salaire*, Paris 1918, pp. 80-82.

† *Vide*, pp. 322-3.

‡ Up to Oct., 1920, the Commission had given decision in 36 cases. Some of the more interesting of these cases are considered by Professor Tissier in *L'Application des Lois sur le Minimum de Salaire*, Paris 1917, and *Les Actions en Justice sur le Minimum de Salaire*, Paris 1916.

§ *Bulletin du Ministère du Travail*, 1920, p. 342.

LABOUR POLICY

3—NORWAY

NORWAY alone of the Scandinavian countries has a legally established system of minimum-wages. The minimum-wage legislation in Norway applies chiefly to outworkers.*

The Norwegian minimum-wage system is regulated by an Act of February 15th 1918 which came into operation the following July, and has to continue in force for five years. Outwork is defined by law as being "paid industrial work which is performed by a worker for an employer or middleman, provided that the work is carried out in the worker's home or in some other place where the employer exercises no supervision over the arrangements for executing the work, or in the workshop of a middleman."

According to the provisions of this Act the administration of the minimum-wage system is placed in the hands of a central body, the Outwork Board, appointed by the Government and composed of either three or five male or female members, as the Government may decide. It is important to notice that the Chairman of the Board, or his deputy, must not be a merchant, manufacturer, or outworker nor have any financial interests in the questions decided by the Board.

The primary function of the Board is to make inquiries as to the wages actually paid in the industries with which the law is concerned. As a rule such investigation may be undertaken at the discretion of the Board, and must be made if six or more workers or employers who are affected desire it. The trades to which the law applies primarily are the manufacture of clothing and articles of needlework generally, and these trades are to be specified by the Government. The law may be extended to cover other occupations in which outworkers are employed. If the Outwork Board, after investigation, should regard the wage-conditions in an industry as unsatisfactory it has the right to appoint a Trade Board to fix the minimum-wages for the industry concerned. But the opinion of the municipal authority of the district in which the Trade Board is to operate has to be heard before this Board can be appointed. A Trade Board shall be composed of at least five members, the chairman to be appointed by the Outwork Board and the other members by the municipal authority after consulting the organizations of employers and workers in the industry concerned.

When fixing the minimum-wages for the outworkers of an industry a Trade Board has to take into consideration the current wages in

* By an Act of August 9th, 1918, minimum-wages for the commercial employees who receive lower pay are to be fixed temporarily by the municipal authorities. The Act is due to expire on September 30th, 1922.

MINIMUM WAGE

the locality for the same or similar work carried on in factories and workshops. The Board is instructed particularly to avoid fixing minimum-wages which will lead to a reduction of outwork. A minimum-rate fixed by a Trade Board cannot come into operation before it has been approved and confirmed by the Outwork Board. The proposals of the Trade Boards have therefore to be submitted to the Outwork Board, which must publish them and invite the employers and workers concerned to present their observations thereon within a month. After considering these observations the Outwork Board may either confirm or amend the proposals or refer them back to the Trade Board for reconsideration. If the proposed minimum-rates are confirmed the Board has to fix the date when they shall come into operation, such date to be at least two months after the date of confirmation.

Finally, attention must be drawn to the very important provision that the Outwork Board may, under certain circumstances, fix minimum-wages for work carried on in factories and workshops. Thus, if the Board discovers that the minimum-rate fixed for outworkers in a certain industry has the effect of reducing the demand for labour performed by outworkers, or in some other way affects these workers, the Board has power to extend the application of the rates to factory-workers of the same industry, or to fix special minimum-rates applicable to factories and workshops in this industry. It is clear that the application of the Norwegian minimum-wage law may be extended considerably in this way from time to time.

4—GREAT BRITAIN

IN Great Britain the movement for the establishment of minimum-wages has taken several different forms, of which the chief characteristics are :—(1) To fix minimum-wages for the so-called sweated industries. (2) To fix minimum-wages for certain non-sweated industries. (3) To fix a general minimum-wage for all trades. (4) To make the highest wage (or any minimum-wage) fixed by collective agreement between masters and men in one particular trade applicable to and enforceable throughout the whole of the said trade as the legal minimum-wage.

There is a great difference between the first of these objects and the rest. The question of minimum-wages for sweated industries is one of equity ; it is an endeavour to remedy a social injustice from which particular classes or bodies of workpeople suffer. It is, therefore, much less a subject of political dispute than the other three.

The anti-sweating campaign started earlier in Great Britain than

LABOUR POLICY

in any of the other countries under survey. As early as 1889 a Select Committee of the House of Lords was appointed under the presidency of the Earl of Dunraven to investigate the conditions of the workers in certain occupations where sweating was alleged to prevail. The Report of this Committee, which was issued the following year, contained recommendations as to the better inspection and registration of outworkers in certain specified industries where the existence of sweating had actually been ascertained.* This finding was confirmed in 1906 by an inquiry of the Board of Trade into the conditions of workers in the tailoring-, jute-, and linen-trades.

In February 1907 two Bills aiming at the establishment of minimum-wages in certain sweated trades were introduced into the House of Commons. One was the Sweated Industries Bill†, moved by Mr. A. Henderson, and the other the Wages Boards Bill‡, introduced by Mr. E. Lamb. The object of the first was to provide for the establishment of Wages Boards with power to fix the minimum-rate of wages of workpeople in the tailoring-, dressmaking-, and shirtmaking-trades. The Home Secretary, however, should have power to extend the Bill to other trades, first of all to the sweated industries, in which outworkers were employed largely and the rate of remuneration was low. The Wages Boards should be composed of representatives of employers and workmen in equal numbers under a chairman chosen by the members or nominated by the Home Secretary. Such a Board should have power to fix a minimum-rate for any particular class of work, and should be given the widest discretion in fixing time-rates or piece-work rates, and in varying the minimum-rate according to the locality, the kind of work, and the persons employed. It was proposed further that the enforcement of the payment of the minimum-rates should be entrusted to factory-inspectors. Mr. Lamb's Bill contained provisions of a similar nature. Both Bills were unsuccessful.

The Trade Union Congress of 1907 called upon the Government to promote legislation for the establishment of a legal minimum-wage in selected trades on the lines suggested by the Sweated Industries Bill, and in February 1908 this Bill|| was re-introduced by Mr. G. Toulmin, when it passed its second reading and was sent to the Select Committee on Home Work. This Committee, under the chairmanship of Sir Thomas Whittaker, had to examine the conditions of Labour in trades in which home-work was prevalent, and also the advisability of establishing Wages Boards and of licensing

* *Committees' Reports* 1890, No. 62.

† *Public Bills* 1907, No. 27 .

‡ *Public Bills* 1907, No. 20.

|| *Public Bills* 1908, No. 2.

MINIMUM WAGE

work-places. The Committee, which issued its report in June 1908, did not consider the Sweated Industries Bill in detail, but reported it without amendment to the House of Commons. In presenting its report the Committee stated that it was extremely desirable that the recommendations contained therein should be dealt with by legislation at an early date. The Committee made, *inter alia*, the following recommendations :*

1. That there should be legislation with regard to the rates of payment made to home-workers who were employed in the production or preparation of articles for sale by other persons.
2. That such legislation should at first be tentative and experimental, and be limited in its scope to home-workers employed in the tailoring-, shirtmaking-, underclothing-, and baby-linen trades, and in the finishing processes of machine-made lace.
3. That Wages Boards should be established in selected trades to fix minimum time- and piece-rates of payment for home workers in those trades.
4. That it should be an offence to pay or offer to home-workers in those trades lower rates of payment than the minimum-rates which had been fixed for a particular district by the Wages Board.
5. That the delivery and collection of work done at home should be performed by persons in the direct employment and pay of the employer. Where that was not done, the amount which a worker could earn in a specific time should be calculated on a basis which reckoned the time spent in fetching and returning work as time occupied in doing the work.
6. That all home-workers who were employed by other persons in producing or preparing articles for sale should be required to register their names, addresses, and classes of work at, and receive a certificate of such registration from, the offices of the Local Authority, and that the keeping of accurate outworkers' lists by employers should be enforced strictly.
7. That it should be an offence for any person to employ any home-worker to produce or prepare any articles for sale by another person unless the worker produced a certificate of registration.

Adopting these recommendations as a basis the Government prepared a Bill which was introduced in March 1909 into the House of Commons by Mr. Winston Churchill, then President of the Board of Trade. This Bill, which became an Act† in the following October,

* *Committees' Reports* 1908, No. 246, p. 18.

† 9 Edward VII., Ch. 22.

LABOUR POLICY

applied to the ready-made and wholesale tailoring-trades, and to the machine-made lace, net-finishing, and chain-making trades. The Board of Trade, however, had power to extend the application of the Act by provisional order to any other branch of industry in which the wages were exceptionally low as compared with those in other employments.

The Board of Trade should establish, if practicable, one or more Trade Boards (Wages Boards according to previous terminology) for any trade or branch of work to which the Act applied. Such Boards should consist of an equal number of employers' and workers' representatives, nominated in accordance with special regulations laid down by the Board of Trade. The Trade Board should choose its chairman from among its own members. Women should be eligible as members of such Boards as well as men.

The general function of a Trade Board was to consider any matter relating to the industrial conditions of its particular trade which had been referred to it by any Government department, and to report upon the matter to the department. With regard to wages the Trade Board should fix a minimum time-rate for its trade and it might also fix a minimum piece-rate. These rates of wages might be fixed so as to apply universally to the trade, to any special process in the work of the trade, or to any special area or class of workers within the trade. Further, a Trade Board had the power to establish Trade Committees consisting partly of members of the Trade Board and partly of other representatives of employers or workmen. It should be the duty of such Trade Committees to make recommendations to the Trade Board as to minimum-wages. The officials of the Trade Boards had power to require an employer to submit wage-sheets or other records of wages to them for inspection. This should apply also to records of payments made to outworkers. The officials might also at all reasonable times inspect any factory or workshop and any place used for giving out work to outworkers.

Regulations made by the Board of Trade under the Act should be laid as soon as possible before both Houses of Parliament, and, if either House within the next forty days thereafter resolved that all or any of the regulations ought to be annulled, the regulations should be of no effect after the date of the resolution.

This Act was received with general satisfaction by the working-classes of the country. The Parliamentary Committee of the Trade Union Congress summarized the duties of the Trade Boards as follows: (1) "To fix a minimum-standard of wage, and to enforce that minimum when fixed, (2) to act as centres of information and organization, (3) to nourish and cherish the interest of the workers, and to foster a healthy state of industry within the particu-

MINIMUM WAGE

lar trade in which they operate*." This shows at least that the trade-unions expected great things of the Act. As a matter of fact its provisions were not so general in application as the optimism of the Parliamentary Committee represented them to be, but their great importance from the trade-union point of view was that they were regarded as a first step towards the setting up of a general minimum-wage.†

One of the claims of the miners during the period of industrial unrest of 1911-1912 was the establishment of a legal minimum-wage for coal- and iron-mines. The result was that the Government and Parliament gave way to these demands by passing the Coal Mines (Minimum Wage) Act, 1912.‡ This is remarkable from two points of view. Firstly, because a minimum-wage was established in a trade which did not belong to the category of sweated industries, and in which the workmen were organized better than in any other British trade and were in receipt of wages which were comparatively higher than in most other trades. By passing the above measure Parliament had recognized the principle of minimum-wages in general, not as before of minimum-wages in sweated industries only. The second point of interest is not so much the measure itself as the way in which it was passed. Organized Labour in a trade upon which the whole industrial life of the United Kingdom was dependent had forced Parliament, in the interests of industrial peace, to pass an Act which was more or less contrary to the opinion of the elected representatives of the country as a whole. This is a typical example of direct action.

The Coal Mines Act, 1912, provided that the employers of a workman occupied underground in any coal-mine or mine of stratified ironstone should pay him wages not less than the minimum-wages settled by the Joint District Board. The Board of Trade should recognize as a Joint District Board for any district, any body of persons, whether existing at the time of the passing of the Act or constituted for the purpose of the Act, which in the opinion of the Board of Trade fairly and adequately represented the workmen in the coal-mines in the district and the employers of those workmen.

The application of the Trade Boards Act, 1909, was extended subsequently to other branches of industry by provisional orders of the Board of Trade. Already in 1913 the number of workmen em-

* *Report of the Trade Union Congress, 1909, p. 72.*

† "Thanks to the foresight of the late Sir Charles Dilke," said the *Daily Herald* (April 30th, 1920), "the Trade Boards Act is a measure for enforcing Labour legislation while leaving the unions free to strike. It remains for the Trade Unionists of the country to watch vigilantly that this freedom is not bartered for a mess of pottage." (About Trade Boards, by E.D.)

‡ 2 George V., Ch. 2.

LABOUR POLICY

ployed in trades covered by the Act was approximately 150,000*. The general endeavour of the Labour Party to extend the application of the Act to trades which could not be considered as sweated was supported by Mr. Lloyd George and other prominent members of the Liberal Party. The result of this policy was embodied in the Trade Boards Act, 1918†.

This Act gave the Minister of Labour power to make a special order by which the principal Act of 1909 was applied to any specified trade to which it did not already apply, provided he was of the opinion that no adequate machinery existed for the effective regulation of wages throughout the trade, and that accordingly it was expedient that the principal Act should apply to that trade. Every such special order should have effect without being confirmed by Parliament, but, as prescribed already by the principal Act, should be laid before both Houses of Parliament, and should be annulled if either House so decided.

This Act made two important amendments to the Principal Act. Thus the Trade Boards were empowered to fix a minimum-time rate (which should not be higher than the general minimum-time rate) to apply in the case of workers employed on piece-work, for the purpose of securing to such workers a minimum-rate of remuneration on a time-work basis. Such a time-rate was called a "guaranteed time-rate." This system, whilst guaranteeing a living-wage to a workman, provides the piece-work employee with an incentive to greater industry. Moreover it prevents the employers from exploiting their workmen, and affords the workmen an opportunity for employing their own labour in order to improve their standard of living.

The Act of 1918 included also the provision that a Trade Board might fix a special minimum-rate, to be substituted for the general minimum-rate, and to apply to hours of work in excess of the number declared by the Board to be normal. This special rate was called "overtime-rate." It is obvious that this system must have the same tendencies as the combined system of piece-rate and guaranteed time-rate, i.e. to increase the efficiency of production by giving an opportunity for increased wages, and to protect the workmen from being exploited by their employers.

The Trade Union Congress before the War advocated repeatedly a system of a general minimum-wage of 30 shillings a week. This is remarkable, particularly with regard to its proposal at the same time to make the highest wages fixed by a voluntary agreement in a

* J. R. Commons and F. Andrews, *Principles of Labour Legislation*, New York and London 1916, p. 175.

† 8 and 9 George V., Ch. 32.

MINIMUM WAGE

trade enforceable over the whole trade as legal minimum-wages. Obviously the first proposal means the introduction of a system by which the maximum-wages are likely to be kept down by the minimum-wages, while the latter proposal has in view a system by which the minimum must be raised to the maximum. From the Labour point of view this latter proposal is clearly far more satisfactory, as the minimum-wage in this case is in reality the maximum-wage, and is capable of being increased easily as it is not fixed by statute at its absolute amount but only in relation to the maximum-wage. Such a system, however, has certain dangers, particularly from the employers' point of view. For instance the workmen may organize enterprises on any small scale they like merely in order to pay high wages, thus forcing up the maximum minimum-wages of the trade. Or they may come to an agreement with some already existing enterprises to maintain exceptionally high wages, for which the enterprises may be repaid by the trade-unions in some way or other. At any rate legislation in the above-mentioned direction would always mean an inducement to employ such more or less dishonest methods.

In a Memorandum presented by the Labour representatives of the Joint Industrial Committee* to the Industrial Conference, 1919, they declared that it was the universal opinion of the workers that every worker was entitled to a reasonable standard of living, and that the existing slow and cumbersome methods of providing this by the gradual and piecemeal extension of the Trade Boards Act, in face of persistent obstruction and opposition, was entirely inadequate.† It was suggested also that, until full provisions securing a higher standard of living for the whole working community had been brought into actual and complete operation, the temporary system of regulating wages under the Wages (Temporary Regulation) Act‡ should continue in force. It was proposed further that the principle of equal pay for men and women should be applied universally, both on the ground of equity and in order that there might be no tendency to reduce wages in any occupation owing to the introduction of female labour.§

The Committee as a whole proposed that minimum time-rates of wages should be established by legal enactment, and that they ought to be of "universal applicability." Directly the Act which embodied this proposal was passed a Commission should be appointed to report, within three months, as to the fixing of the minimum-rates,

* *Vide*, pp. 386, 387.

† *Report of the Provisional Joint Committee to the meeting of the Industrial Conference, April 4th, 1919, Cd. 139, Appendix I., p. 6.*

‡ *Cp.* p. 345.

§ *Ibid*, Appendix I., p. 9.

LABOUR POLICY

and the methods and successive steps by which they should be brought into operation. In the meantime Trade Boards should be established in those trades which were organized less well and in which the Boards did not exist already. The Commission should review the Trade Boards Acts, especially with a view to facilitating and expediting so far as possible the procedure of fixing and applying minimum-rates.

The recommendations of the Committee contained also the following highly important clause: "Where an agreement is arrived at between representative organizations of employers and trade-unions in any trade lying down a minimum rate of wages, the Minister of Labour shall have power, after investigation, to apply such minimum rate, with such modification as he may think fit, to all employers engaged in the trade falling within the scope of the agreement."* This reminds us unmistakably of the Labour proposal to enforce legally the highest wages fixed by a voluntary agreement over the whole trade. There is, however, an important difference. The Committee suggested that the minimum-wage laid down by any voluntary agreement in a trade should be applied to the whole trade. Obviously this wage might be lower than or equal to the lowest wages actually paid in the trade. But the Labour proposal was that the highest wages of any voluntary agreement in a trade should be legally enforceable throughout the trade. The Committee's proposal had nothing to do with an increase of wages in general, but this was what Labour hoped to attain by extending automatically the highest wages fixed by voluntary agreement between any trade-union and employer in a particular trade to the whole of this trade.

At the recommendation of the Committee the Government, extended the Trade Boards Acts to cover a great many new trades, and a Government Bill was introduced, to appoint a Commission to inquire into the question of fixing national minimum-wages. This Bill was not proceeded with but in September 1921 the Government appointed a Departmental Committee, under the presidency of Viscount Cave, "to inquire into the working and effects of the Trade Boards Acts, and to report what changes, if any, are required."

Undoubtedly the appointment of this Committee during a period of unprecedented trade-depression marked the beginning of a new period in the history of British minimum-wage legislation, and it was clear that after its recent experience the Committee would take up a critical attitude towards the whole problem. The Report of the Committee was issued on April 21st, 1922.† Its

* *Cd.* 501, 1920, p. 9.

† *Cd.* 1645, 1922.

MINIMUM WAGE

first conclusion reads as follows :—" Upon a review of the evidence given on both sides with reference to the above matters we come to the conclusion that, while the effect of the Trade Board system on trade and industry has occasionally been stated in terms of exaggeration, there is substance in the allegation that the operations of some of the Boards have contributed to the volume of trade depression and unemployment." This conclusion was supported by the statement that in some instances the increases in wages fixed by the Trade Boards came into operation when the trade was declining, and that the additional burden imposed in this way on traders had actually increased their difficulty in adapting themselves to the altered conditions. Moreover the Committee pointed out that " within certain limits, an increase in the cost of production can be ' passed on ' to the consumer, with the result that the general level of prices is raised and the consumer (including the worker) suffers accordingly ; but in time a point is reached where the consumer ceases to buy and then follow decline of trade, the closing of workshops, short time and the discharge of workers. This result is more quickly reached where the trade is subject to foreign competition and prices are regulated, not by the home market, but by world conditions ; but even where this is not the case, increase in cost must prejudicially affect production and distribution, and so must be injurious both to employers and to workers. As regards workers, the blow is apt to fall first on the slow or less efficient worker ; but the consequence of the rigid regulation of wages in a falling market and the consequent " lag " in the readjustment of wage-conditions are not confined to those persons, but extend to the unskilled and part-skilled worker throughout the industries affected."

On the other hand the Committee was satisfied that the operation of the Trade Board system had had beneficial results. Thus the Trade Boards had succeeded in regularizing wages-conditions and in abolishing the grosser forms of underpayment. The system, moreover, had contributed on the whole to the improvement of industrial relations, and had led to a strengthening of organization among both employers and workers.

The following are the most important recommendations made by the Committee : (1) " That the power of the Minister of Labour to apply the Trade Boards Acts to a trade be confined to cases where he is satisfied that both the following conditions are fulfilled (a) that the rate of wages prevailing in the trade or any branch of the trade is unduly low as compared with those in other employments ; (b) that no adequate machinery exists for the effective regulation of wages throughout the trade. (2) That it be the duty

LABOUR POLICY

of a Trade Board to fix (a) a general minimum time-rate for the general body of workers in the trade, such rate to be fixed with reference to the lowest grade of ordinary workers in the trade; and that a Trade Board be authorized to fix (b) if so authorized by Order of the Minister of Labour, a special minimum time-rate for workers performing work ancillary to that performed by the general body of workers; (c) a piece-work basis time-rate; (d) a guaranteed time-rate for piece-workers; (e) minimum piece-rates for out- or home-workers engaged in piece-work in the trade; (f) overtime rates based upon the above rates; and that such rates when confirmed be enforceable in manner now provided by the Trade Boards Acts. (3) That a Trade Board have power to fix (a) special minimum time-rates and piece-work basis time-rates for special classes of workers in the trade or workers engaged in any special process; (b) minimum piece-rates for in-workers; (c) special minimum piece-rates for in-workers to be fixed on the application of an individual employer to apply in respect of workers employed by him; (d) overtime rates based upon the above rates; and to apply for confirmation of such rates, and that such rates if confirmed be recoverable by civil proceedings only. (4) That the Minister of Labour be authorized, if he is of opinion that the circumstances of any trade or any branch of a trade to which the Acts apply are of such a character as to render the application of the Acts no longer necessary, by Special Order to withdraw that trade or branch from the operation of the Acts either altogether or for such period and upon such conditions as he may think fit, but that before making any such Order the Minister shall cause a public inquiry to be made into the matter. (5) That Trade Boards be authorized to fix a series of minimum rates to come into operation contingently on the occurrence of specified events. (6) That where, as a result of objections to a proposal for a minimum rate, a rate different from the proposed rate is agreed to by not less than three-fourths of the Representative Members on each side of the Board present and voting, not less than one-half of the Members on each side being present, the Minister be authorised (unless he is of opinion that the difference is of so serious a nature that fresh notice of it should be given) to confirm such different rate as the minimum without any further notice thereof being given. (7) That the Trade Boards Acts be repealed and a Consolidating Act containing the necessary amendments be passed."

The most remarkable feature of the Report is undoubtedly its proposal to stop definitely the recent practice of extending the Trade Boards Acts to cover trades other than those where wages are exceptionally low. According to the Trade Boards Act, 1918, the

MINIMUM WAGE

Minister of Labour had power to extend the application of the Trade Boards Acts to any trades in which the organization of employers and workers was inadequate. The Committee disapproves of this provision because the object of the Trade Board system is to prevent the oppression of the worker by forcing him to work at wages below the level of subsistence, but it is not intended that the system should be used for the public regulation of wages throughout all industries which are more or less unorganized. In the opinion of the Committee this would cause injury to both the employers and the employed, and for the following reasons: "When rates are fixed by agreement between associations of employers and employed, the agreement is based on experience, and both sides know well that attempts to enforce the payment of more than the trade can bear may cause incalculable loss to the large bodies of employers and workers whom they represent; but where the rate-fixing authority is nominated by the State, and the decisive vote is in the hands of persons altogether unacquainted with the trade, this sanction does not operate with the same force. Further, while rates fixed by agreement may readily be revised if found to be unsuitable, there is no similar elasticity in the operations of Trade Boards, whose decisions cannot be altered except after considerable delay. In such a case the only immediate resort is to a wholesale evasion, which in some trades is alleged to be prevalent to an incredible extent, with resulting injustice to the employers who are anxious to comply with the law. And even where there is no evasion, the State-regulated employer in a small way of business is subject to unfair competition on the part of the 'one-man' trader whose business is carried on by himself and his family without the assistance of hired workers, and therefore without any State-restriction. Nor can any legislation short of an international convention as to wages—a contingency which appears impossible of realization within any measurable period—protect the State-regulated trade from the competition of foreign labour."

An interesting statement is made by the Committee as to the principle of the National Minimum Wage. The fixing of a general minimum wage would, in the opinion of the Committee, be impracticable, because "industries differ widely from one another in their history and conditions, their earning capacity and their exposure to foreign competition; and employments differ in the character and strain of the work." Moreover, the relationship between men's and women's wages, the different conditions prevailing in various districts, and the necessity for fixing minimum piece-rates for the adequate protection of certain classes of workers are opposed to the establishment of a general minimum-wage.

LABOUR POLICY

Without exaggeration it may be said of the Report of the Cave Committee that it is one of the most weighty and sound reports relating to Labour that has been issued during recent years. It is remarkable also, that a report on such a highly controversial subject as the minimum-wage question should have been unanimous, no member of the Committee (whatever interest he represented) having made reservations with regard to any point involved. If the recommendations of the Committee were carried out, there would be, speaking roughly, a return to the lines of the Trade Board Act of 1909, and there is no doubt that the sooner this can be done the better will it be for the community.

5—GENERAL SURVEY

JUST as Great Britain had led the way in factory-legislation, so has she done in minimum-wage legislation. This is the more remarkable since compulsory State-interference in the relations between masters and men is contrary to the spirit of British legislation. But the miserable living-conditions of certain classes of British workers have necessitated the introduction of a system of State-protection against sweating, and have thus secured a reasonable standard of living for those workers.

In Sweden and Denmark the settlement of wages is left entirely in the hands of the employers and workers themselves, whereas in France and Norway minimum-wages have been established by statute for certain classes of workers who receive low pay. In none of these countries, however, has the minimum-wage system been developed to the same extent as in Great Britain.

In this country minimum-wages have been established legally for : (1) sweated industries ; (2) non-sweated industries, where no adequate machinery exists for the effective regulation of wages throughout the trade ; (3) the coal-mining industry, where wages vary considerably from district to district on account of differences in the conditions of production in the various mines.

In France minimum-wage legislation applies only to female home-workers employed in the clothing industries. The Norwegian minimum-wage law applies chiefly to home-workers, but the minimum-wages fixed for home-workers may be set up also for factory-workers if the establishment of those wages has had the effect of reducing the demand for the labour of home-workers. Moreover, temporary minimum-wages have been established for the less well-paid commercial employees.

MINIMUM WAGE

French and Norwegian minimum-wage legislation stands on approximately the same ground as the British Trade Boards Act of 1909, the object of which was to raise wages to a "decent subsistence level" in industries where they were exceptionally low as compared with those in other employments. Recent British legislation has gone a step further. It aims at raising not only wages in sweated industries, but also wages which —on account of the defective organization of the workers or because of the conditions of production in a certain trade or part of a trade—are low as compared with what they might have been had the conditions been different. Lately, however, there has been a reaction against this vague, and from an economic point of view wrong, practice,* and the Report of the Cave Committee marks a distinct step towards a return to the pre-War lines of minimum-wage legislation.

One of the most important objections advanced against a system of general minimum time-rates fixed by statute is that the minimum-wage inevitably tends to become the maximum-wage. It is a matter of experience that the general rate of wages in a trade tends to coincide with the lowest wages paid by any employer. In this case, no doubt, the minimum tends to become the maximum, but this is relatively of little importance so long as the minimum-wage is not fixed and can be increased by the efforts of the organized workmen of the trade. When, on the other hand, the minimum-wage is fixed by statute (which necessarily affords some measure of support to the employers in their resistance to the increased demands of their workmen) it is much more difficult for the workmen to force up their wages. These arguments, however, apply only to the general minimum time-rates fixed by statute, and not to the guaranteed rate in case of piece-work, nor to the overtime-rate. In the case of piece-work the minimum time-rate for more or less inefficient work tends to be the maximum, but this is not altogether unreasonable since this rate depends upon the workmen themselves. A good workman, however, fixes his own maximum-wage.

As a general rule the fixing of minimum time-rates in industries other than those in which wages are exceptionally low does not seem justifiable. In sweated industries it is necessary to fix a living-wage, and in this case the fixed minimum-wage is higher than the current wages of the trade which is not provided with regulations. This is exactly what gives the minimum-wage a *raison d'être*: in the case of a trade in which the standard trade-

* It means an interference with industrial distribution and diverts labour from industries where it is urgently needed to those where it is less needed.

LABOUR POLICY

union wages are higher than the minimum-wages established by statute this minimum wage has obviously no such justification. State-intervention in this case would be detrimental to the interests of the workers, for the minimum-wage undoubtedly would tend to keep down the standard trade-union wages.

CHAPTER XXIII

LEGAL REGULATION OF THE HOURS OF LABOUR

THE object of the present chapter is to give an account of the general regulation of the hours of labour, and to survey the steps which have been taken to secure this regulation in the various countries with which we are here concerned. The restrictions imposed by the Factory Laws as to the working-time for women and children will not be dealt with in this connection.

I—FRANCE

THE question of establishing a maximum eight-hours day by legal enactment was first taken up in 1889 by the International Socialist Congress held at Paris, to which the French Socialists were affiliated ; it was put down as the first of the immediate economic reforms demanded by the Congress. Ever since that date the eight-hours day has been the first demand of the French workmen at their annual May Day demonstrations.

Until 1913 the fundamental law regulating hours of labour in French industry was the Act of September 9th 1848 which limited the working-time in factories and workshops to twelve hours a day. This Act, however, has been amended on several occasions. The Act of March 30th, 1900 established a maximum working-time of ten hours a day for all factories and workshops where men were employed together with women or children. By an Act of March 28th 1902, supplemented by Decree of April 30th 1909, it was provided that the working-time could be extended (above the limits fixed by law) for workers employed in certain specifically enumerated classes of work in which a longer working-time was necessary or desirable. In 1913, i.e. five years later than in England, the working-time below ground in the French mines was restricted to eight hours.*

The year 1913 was also important from other points of view. This year saw the conclusion of the three-sided contest between these who advocated a return to the old twelve hours' régime, those who supported a ten-hours day, and the adherents of an

* By an Act of December 31st, 1913.

LABOUR POLICY

eight-hours day. The supporters of the middle course were victorious, and the legal ten-hours day, recommended by the Government, was actually established in March.

When the Government proposals were before the Chamber of Deputies (on March 11th 1912) M. Vaillant pleaded the cause of the Socialist Group for an eight-hours day, and put forward a scheme embodying its claim as a counter-proposal to the Government measure. In addition to providing for the introduction of a maximum eight-hours day the Socialist scheme contained provisions for intervals for rest and meals, weekly half-holidays, the protection of women and children, the inspection of factories, minimum-wages, etc. The scheme, therefore, might be regarded as a summary of the immediate reforms demanded by the Socialist Group, although its principal object was the establishment of an eight-hours day. The fact that the Socialist proposal of an eight-hours day was mixed up with proposals of an entirely different character naturally made it unsuitable for legislation; on this occasion, indeed, the Socialists themselves did not believe that their counter-proposal would be carried, and, as the Government scheme of a ten-hours day at any rate reduced the working-time, they promised to give it their support. The Government, in turn, was disposed not unfavourably towards the Socialist proposals. M. Godart, speaking on behalf of the Government, declared that an eight-hours day was highly desirable, but that it could not be introduced immediately: the ten-hours day could, however, be established immediately and could be regarded as a step towards the establishment of an eight-hours day. Furthermore in the opinion of the Government, the scheme proposed by the Socialists was, if not impracticable, at any rate far too complicated to be treated by Parliament as a Bill. The Socialist scheme was rejected in the Chamber of Deputies by a large majority.*

In view of the indirect pledge given by the Government in 1912 to establish by law an eight-hours day it was only natural that after the War the matter should be taken up. There were also several other circumstances which caused the Government to do this. The increase in hours of work in the factories during the War had produced a reactionary feeling among the workers against long working-days, and immediately after the Armistice they began to demand considerable reduction in the working-time as compensation for their loyal attitude and the intense strain which had been put upon them during the War. A shortening of work-

* *Cp., Pour la Journée du Huit Heures, Librairie du Parti Socialiste, Paris 1913, pp. 52 seq.; and Débats Parlementaires, 1912, Chambre des Députés, pp. 632 seq.*

LEGAL REGULATION OF THE HOURS OF LABOUR

ing-time was regarded by the Government also, as well as by the workers, as a temporary remedy for unemployment. The question was taken up by the Commission on International Labour Legislation which was attached to the Peace Conference. This Commission reported in favour of a maximum eight-hours' day. This was perhaps the most important and at any rate the immediate reason why the French Government felt obliged to introduce the measure. An Eight Hours Bill was drawn up by the Minister of Labour and submitted to the Chamber of Deputies and to a Joint Committee of employers and trade-union representatives.

On April 2nd 1919 the employers' representatives issued a statement of their attitude with regard to the proposed Eight Hours Bill. They emphasized strongly the danger of such a measure at a time when France had lost nearly 2 million workers. This meant a loss in productive power which was particularly serious since the loss in other countries was comparatively less. France had lost one-and-a-half time as many workers as Germany, two-and-a-half times as many as Belgium, five times as many as Great Britain, and fifty-six times as many as the United States. A reduction of the working-time from ten to eight hours, as proposed by the Bill, would only increase the handicap on production and retard the reconstruction of the devastated areas, for the introduction of improved machinery and organization could not compensate for the loss in productive power.

The workers' representatives of the Committee, on the other hand, declared that Scientific Management and an increased use of machinery would do much to make up for the inevitable loss of production due to reduced working-time.*

This was a very weak argument in favour of the Government Bill, because what France really needed in order to recover from the consequences of the War was increased production and not merely the maintenance of pre-War production. Although the employers and the trade-union representatives held entirely divergent views it was possible to arrive at an agreement on the terms of the Bill for the employers gave way on the principal points. They declared that, although they regarded the Bill as an economic mistake, they would not postpone the practical examination of the measure as it was beyond their power to prevent the Bill from being carried by Parliament. This was the reason why they gave way and endorsed the measure.

The Bill as amended by the Joint Committee was introduced into the Chamber of Deputies on April 8th 1919. It has been

* *Cp., Report of the European Commission of the National Industrial Conference Board (U.S.A.), 1919, p. 161.*

LABOUR POLICY

objected against the passing of the measure that it was hurried through Parliament without sufficient consideration. It is true that the Bill was passed into law only a fortnight after its introduction, but every aspect of the question was discussed fully in the Chamber of Deputies, and more than forty speeches were delivered for or against it.*

The Eight Hours Act of April 23rd 1919 provided that in all industrial and commercial establishments the working-time should be limited to eight hours a day or forty-eight hours a week. The Act applied to public as well as private, clerical as well as non-clerical, educational as well as charitable establishments of an industrial or commercial character. Public authorities had to make special regulations as to the operation of the Act in each class of occupation, industry, trade, or business. Further, the Act made the remarkable provision that the reduction of the working-time was in no case to be the determining cause of a reduction in wages.

The collective agreement of May 24th 1919 between employers and workers in the metal-trades shows how the Act was applied. In order to maintain at the same level the daily and weekly pay for work paid for at time-rates, the wages and bonus per working-hour had to be raised by 25 per cent. Not only this, but wages paid for overtime-work were raised in the same proportion, and overtime-pay was naturally given for work above eight hours a day.† The eight-hours day thus meant a net increase in wages, so long as the intensity of work per hour was not increased. It is clear that this increase in wages throughout industry could not have been effected without causing a great deal of unemployment, unless the employers had been able to raise prices all along the line in order to make up the loss caused them by increased wages. It was a great gain from the workers' point of view that the eight-hours day was established at a time when prices were still going up, for there is no doubt whatever that had the introduction of such a measure been delayed until 1920, when the downward movement in prices set in, it would very probably have entailed serious hardship on the workers themselves in the form of unemployment, even though the tremendous losses in men suffered by France has resulted in her being exposed to this evil less than other countries.

It has been said already that the working-time underground in the French mines had been limited to eight hours by the Act of 1913. When the general eight-hours day was carried in 1919 the miners considered themselves worse off than they had been before, as compared with workers in other industries. They did not actually

* *Bulletin du Ministère du Travail*, 1919, pp. 288 seq.

† *Ibid.*, pp. 188 seq.

LEGAL REGULATION OF THE HOURS OF LABOUR

ask for less than eight hours' work, but demanded that the hours of labour should be reckoned from the time when the first man went down the mine to the time when the last man came up, instead of from the entrance into the pit of the last worker till the exit of the first worker, in accordance with the Act of 1913. The owners refused to grant this demand, and argued that if put into operation it would reduce the effective working-time by more than one hour per day.* The miners struck, but resumed work when the Government introduced a Bill into the Chamber of Deputies which met their claim and secured them against reduction of wages in consequence of the shorter working-time. Although this Bill was strenuously opposed in the Senate, it was carried, and passed into law on June 24th 1919.

The Eight Hours Act of April 23rd, 1919 did not apply to sailors and other persons employed on board ship. However, by an Act of August 2nd 1919 the eight-hours day was extended to these classes of workers, provision being made naturally for extension of the working-time in case of emergency.†

France, is, undoubtedly, a good way ahead of most other countries in respect of legislation relating to, or affecting, the working-time in industry and transport. It is difficult to say whether this has acted as a brake on the national production of France or not, as the reconstruction of industry after the War is far from complete, and production in most industries is still much below the pre-War level.

2—SWEDEN

THE question of the legal regulation of the hours of labour was discussed by the Swedish Diet as early as 1856 when a member of the Peasantry moved that the working-time in all factories should be limited by law to 12 hours. The motion, however, was lost. At the time of the big fight in the eighties on the question of Protection or Free Trade, it was proposed that the working-time in all industries protected by tariffs should be reduced by law to nine hours.‡ This proposal, as well as the subsequent proposals for the legal limitation of the working-time which were brought before the Diets of 1891, 1893, 1894, and 1895, did not lead to any result. Meanwhile the Social Democratic Labour Party had taken up the matter and put forward the legal eight-hours day as their first claim for the reformation of factory-legislation. In 1908 the

* *Op., Report of the European Commission*, p. 164.

† *Bulletin du Ministère du Travail*, 1919, p. 124.

‡ Motion by S. A. Hedlund in the Second Chamber, 1886.

LABOUR POLICY

Socialist Group brought the measure before the Second Chamber.* The proposals were examined by a Committee which disapproved of them, chiefly on the ground that the reduction of the working-time was too great, and would make it more difficult for the home-producers to compete with foreigners. The Chamber subsequently rejected the proposed measure. Similar proposals were rejected by the Diet of 1910 and 1913. It was considered that a reduction of the working time in Sweden could not be effected unless the same or similar steps were taken by the large European countries. The legal limitation of the working-time to eight hours was, it was argued, an international affair which could be settled best by means of international agreement.†

The Liberal Socialist Government of 1918, however, decided to take the matter up, and on February 15th a Committee was appointed to inquire into the question of a legal maximum working-day. The Committee, which was composed of representatives of employers and workers and of technical and medical experts, under the chairmanship of Baron Louis de Geer, the ex-Prime Minister, issued its report on January 25th 1919; this report included a Bill providing for the establishment of a legal eight-hours day. The representatives of the employers proposed an amendment fixing the working-time at from fifty-four to fifty-six hours a week, while the workers' representatives desired to delete the provisions of the Bill relating to exceptions. On March 18th the Government introduced into the Diet an Eight Hours Bill very similar in character to that of the Committee. The Bill was successful in the Second Chamber but was rejected by the First Chamber. The Government amended the Bill in some details, and after the new election of the First Chamber in the summer of 1919 the Bill was re-introduced to the Diet and carried by both Chambers.

The Eight Hours Act of October 17th 1919 came into operation at the beginning of the following January. This Act applied the eight-hours day or forty-eight hours week to all enterprises in which more than four workmen were employed. If a half-holiday on Saturdays were given, the working time during the other weekdays could be extended to eight-and-a-half hours§ provided that the weekly limit of forty-eight hours was not exceeded. The Act did not apply to agriculture, forestry, private railways, ships, hotels, fishing, home-work, hospital-work, or work in the service

* Motion by K. V. Rydén.

† A. Molin, *Lagen om Arbetstidens Begränsning*, Stockholm 1919.

§ Increased to nine hours by the Act of June 22nd, 1921.

LEGAL REGULATION OF THE HOURS OF LABOUR

of the State.* This last exception is worth particular notice as Swedish legislation in this respect differs distinctly from French.

Further, the Swedish law, in contrast to the French, did not contain any provisions against reductions of wages in consequence of the shorter working-time.

In sharp contrast to the Eight Hours Act stands the Act of October 24th 1919 regulating the working-time on board ship. This Act provides that the work on board ship shall be divided into watches following the ordinary custom, and that the working-time must not exceed twenty-four hours during two consecutive periods of twenty-four hours. For big ships with large crews this limit is reduced to eighteen or nineteen hours. This Act also differs sharply from corresponding French Acts according to which the eight-hours day applies to work on board ship.

A special Committee of the Diet of 1919 declared that it was convinced that a reduction of the working-time would inevitably cause a decrease in production. It considered, however, that this decrease would not be proportionate to the reduction of the working-time, as the loss in time would be compensated for by increased intensity or speeding-up of work which would result in a higher rate of output per hour. It followed that this compensation was bound to be less, and the decrease in production consequently greater, in industries where the work was carried on by machinery. The result of a special investigation as to the influence of a shorter working-time upon the average cost of production was that the latter would increase by 4.45 per cent., provided that the number of workmen employed in industry remained the same and that production diminished in proportion to the reduction of the working-time; if the number of workmen employed in industry increased and production did not diminish the cost of production would increase 3.47 per cent. The Committee argued that in view of these low figures, and considering that the intensity of work would probably increase and that the average working-time then prevailing in industry was 56.4 hours a week, the introduction of a legal eight-hours day would not exercise any considerable influence upon the cost of production.

These arguments do not appear to be entirely satisfactory. Clearly, the important point to know is, not how the eight-hours day would influence the monetary cost of production in manufacture, but how this measure would affect the whole output of national production. Accordingly it is necessary to consider its effect not only on manufacture but also on agriculture and forestry. If

* The forty-eight hours week, however, is actually adopted in the majority of occupations controlled or administered by the State.

LABOUR POLICY

the eight-hours day results, as the Committee thinks it will, in the number of workmen employed in manufacture being increased so that the total output can be maintained at the normal level, it is clear that, since these workmen must come from somewhere, they will come naturally from agriculture and forestry, to which pursuits the eight-hours day does not apply. The maintenance of production in manufactures will then lead to a decrease in agricultural production. It would, therefore, be wrong and misleading to assume an increase in the number of workmen employed in the whole field of production, and consequently only the higher figure for the cost of production ought to be accepted. But even this figure is of very little importance, for it is not the cost of production in money but the total productive output of the country which ought to be taken into consideration in order to arrive at a proper estimate of the economic consequences of the legal eight-hours day.

The eight-hours day meant a shortening of the working-time by approximately 11 per cent. In so far as this loss in time was not compensated for by more efficient work (in the opinion of the Committee this would not be the case in industries where machinery was used, i.e. in the largest part of industry) the eight-hours day naturally caused a corresponding reduction in the total production of the country. Actual facts prove that output has considerably decreased since the eight-hours day came into operation. The Swedish Mechanical Works Association issued at the end of 1920 a report on the influence of the eight-hours day on the mechanical industry. According to this report the average working-time in this industry in 1919 was 51½ hours a week. The introduction of the eight-hours day thus meant a reduction of the working-time by about 7 per cent. As a consequence of this the output of the mechanical industry had been reduced by approximately 6 per cent. An increase in the intensity of work had been proved in certain enterprises, but the opposite effect occurred in others. As the reduction of the working-time had been far greater in other industries—in several cases by more than 15 per cent.—it is very probable that the total output of Swedish industry had decreased in 1920 considerably more than 6 per cent. The minimum-loss for the whole of industry in 1920 has been estimated at 150 million Swedish crowns.*

Although there were no stipulations in the Eight Hours Act against reduction of the daily and weekly pay of the workers, the wages per hour were increased as a rule in proportion to the reduction of the working-time, and in many cases the demand

* *Attatimmarlagen*, *Svenska Dagbladet*, December 17th, 1920.

LEGAL REGULATION OF THE HOURS OF LABOUR

for labour which had been increased temporarily caused a still further rise in wages.

The establishment of the legal eight-hours day in Sweden has not proved an economic success. However, it would not be just to condemn the measure for this reason only, for it constitutes an important social reform for which the workers had striven for nearly thirty years and which undoubtedly in the long run must add to the physical well-being of the Swedish people.

3—NORWAY

IN 1918 the Norwegian Government appointed a Committee for the purpose of inquiring into the question of a legal week of forty-eight hours. However, before the Committee had issued its report the National Confederation claimed that the forty-eight hours week should be the basis of all collective agreements. The employers would not at first agree to a shorter working-time than fifty-one hours a week in enterprises where the working-time was actually longer, and forty-eight hours in enterprises where the working-time was 51 hours or less. But under the threat of a general strike the employers finally gave way, and, by the agreement drawn up between the General Association of Employers and the National Confederation, the forty-eight hours week was to come into effect before January 1st 1921. The forty-eight hours week, therefore, was actually secured when on July 11th 1919 the Storting passed the Bill enforcing it; but by this Bill the measure came into operation one year earlier, i.e. on January 1st 1920.

The Norwegian Forty-Eight Hours Act 1919, provided that the maximum working-time in manufacturing enterprises employing more than five workers should be forty-eight hours a week. The daily working-time, however, could be extended to eight-and-a-half hours a day, and in mines and smelting works to nine-and-a-half hours, provided that the weekly limit were not exceeded. For enterprises which were dependent on the seasons the working-time could be extended in the summer and shortened in the winter by an Order in Council.

There is one point in the Norwegian Forty-Eight Hours Act which is of particular interest. The Act declared that no strikes or lockouts should take place for the purpose of adjusting or regulating wages in consequence of the reduced time. Disputes in this respect had to be settled by a National Wages Board appointed by the Government. The decisions of this Board should not remain in force longer than the collective agreement in force in the industry

LABOUR POLICY

concerned. Trade-unions or associations of employers which organized strikes or lockouts contrary to the regulations of the above provision could be fined up to a maximum of 25,000 Norwegian crowns for every two weeks during which the strike or lock-out lasted.

The Norwegian Forty-Eight Hours Act has certainly influenced the industrial life of the country less than the corresponding law in Sweden, for the reduction of the working-time was comparatively less in Norway than in Sweden owing to the lower time-limit already fixed by the collective agreements. Naturally the opposition of the employers to the Act has also been less.

4—DENMARK

THE eight-hours day has not been established by law in Denmark, but it has been put into practice by means of collective agreements. The agitation for the eight-hours day was started in Denmark soon after the resolution in favour of this measure was passed at the International Socialist Conference held at Paris in 1889. The Social Democratic Party has put the eight-hours day on its programme, has advocated it at every May Day demonstration, and has introduced Bills on it in the Diet, but without success. The trade-unions have also worked for the inclusion of the eight-hours day in collective agreements. In this way they have generally succeeded, but usually at the expense of wages.

It was not until 1918 that the question began to approach solution. In the autumn of that year the National Confederation of Trade Unions decided to try to get the eight-hours day adopted by means of a national agreement with the General Association of Employers. On January 13th 1919 the two national organizations of workers and employers came to an agreement ; this agreement did not, it is true, establish the eight-hours day, but it brought the question very near solution. According to this agreement, the daily working-time in enterprises where it had been, or actually was, ten hours or more should be reduced to nine hours on ordinary days and eight hours on Saturday ; where it had been, or actually was, nine-and-a-half hours or more it should be reduced to eight-and-a-half hours on ordinary days and eight hours on Saturday ; where it had been, or actually was, nine hours or more it should be reduced to eight-and-a-half hours on ordinary days and eight hours on Saturday ; where it had been, or actually was, eight-and-a-half hours or more it should be reduced to eight hours on ordinary days and eight hours on Saturday ; agricultural workers and

LEGAL REGULATION OF THE HOURS OF LABOUR

sailors were excluded from this agreement. The agreement meant that about 59,000 workers had their working-time reduced from ten hours or more to nine hours ; 29,000 workers from nine-and-a-half to eight-and-a-half hours ; 68,000 workers from nine hours to eight-and-a-half hours ; and 9,000 workers from eight-and-a-half hours to eight hours ; while Saturday was a general eight-hours day.* Further, it was stipulated in this agreement that the shortening of the working-time should not lead to any reduction in the weekly wages. But the National Confederation of Trade Unions was not yet satisfied. It persisted in its demand for a general eight-hours day, and in July 1919 negotiations were taken up again between the two national organizations of workers and employers. The result of these negotiations was in favour of the National Confederation as the employers agreed to adopt an eight-hours day before January 1st 1920, to be applied generally except for sailors and agricultural workers. This agreement was carried out and the eight-hours day is therefore actually established in Denmark.

Nevertheless the Social Democratic Party and the Radicals in the Diet will not give up their claim for a legal eight-hours day, which is regarded as a guarantee that the working-time will not be extended again after the above agreement has come to an end. The Joint Commission appointed by the Government to inquire into the matter has recommended the establishment of a general eight-hours day, with exceptions for industries dependent upon "elementary motive power," where the working-time should be nine hours. The Liberal Government in power, however, is opposed to this measure which is considered "not to be in keeping with the times."

5—GREAT BRITAIN

COAL-MINING was the first industry in England to be legislated for with regard to the hours of work for men. At the end of the last century, and during the early years of the present, the Miners' Eight Hours Bill was almost a standing measure, and although its second reading was secured session after session it never got any further ; it was either rejected out and out or its progress was checked by obstruction. This Bill was considered by Labour to be the keystone to the regulation by law of the working-hours for men. Indeed it was regarded similarly by the Conservative Party, and this explains the latter's stern opposition to the measure. The opponents of the Bill were afraid of setting up a precedent, although coal-mining was an industry in which the workmen

* *Report of the National Confederation to the Inter-Scandinavian Labour Congress at Copenhagen, 1920, p. 6.*

LABOUR POLICY

were in especial need of protection. The fact that the Labour Party advocated a universal eight-hours working-day was proof positive that it would not be content with a limitation of working-time in the mines only.

The Trade Union Congress of 1904 declared that an eight-hours day was one of the most important preliminary steps towards the ultimate emancipation of the working-classes, and that it would reduce the number of unemployed, improve the quality of work, and increase the health, strength, and intelligence of the workers. The Congress held, therefore, that limitation by law of the working-time to eight hours in all trades in the United Kingdom should be one of the test-questions at all parliamentary and municipal elections. Furthermore, the Parliamentary Committee was instructed to introduce into the House of Commons a Bill limiting the working-time in Bakeries to forty-eight hours a week, and also a Bill providing for the establishment of a legal eight-hours day for all men employed in the manufacture of steel ingots.* Several Bills with these objects were introduced into Parliament, but were repeatedly rejected by it.

The old principle that the length of the working-time had to be settled by agreements between employers and trade-unions was departed from for the first time in 1908. The Coal Mines Regulation Act† of this year provided that a workman should not be below ground for the purpose of his work for more than eight hours (including the time spent in going to and returning from work) during any consecutive twenty-four hours. This Act applied to coal-, stratified ironstone, shale-, and fireclay-mines. By the Coal Mines Act, 1919,‡ the working-time was restricted further to seven hours a day. This Act provided also that if, after the end of 1920, a resolution were passed by both Houses of Parliament stating that the economic position of the coal-industry was such as to allow a further reduction of working-hours, these should be reduced to six. However, with regard to persons employed on work which required to be carried on continuously day and night, the Home Secretary might allow them to be employed below ground for a period not exceeding eight hours during any consecutive twenty-four hours.

Under the Trade Boards Acts of 1909|| and 1918 Trade Boards

* *Report of the Congress*, 1904, p. 98.

† 8 Edward VII., Ch. 57.

‡ 9 and 10 George V., Ch. 48.

|| 9 Edward VII., Ch. 22; and 8 and 9 George V., Ch. 32. These Acts apply to certain trades in which wages are especially low; e.g., ready-made and wholesale tailoring, box- and card-board manufacture, chair-making, and other trades mentioned in the schedule of the Act of 1909, or in special orders of the Minister of Labour, or in provisional orders of the Board of Trade. *Cp.* pp. 359-67.

LEGAL REGULATION OF THE HOURS OF LABOUR

have the power to fix for their respective trades a minimum-rate to be applied to the hours worked in any week, or on any day, in excess of the number of hours declared by the Trade Board to be the normal number of hours of work per week, or for that day in the trade. This stipulation is very important because it means in reality that the Trade Boards have power to fix the working-time in their trades by fixing the overtime-rate so high that it cannot any longer be profitable for the employers to employ their workmen on overtime-work*.

The Shop Acts of 1912 and 1913† gave the shop-assistants a system of hours of employment and holidays which was based for the most part upon the same principles as those laid down by the Factory and Workshops Act‡ in respect of women and minors. The great difference is, however, that the regulation of the working-time by the Shop Acts applies also to adult male assistants. According to the Act of 1912 on at least one week-day in each week a shop-assistant shall not be employed on the business of a shop after 1.30 p.m. This provision does not apply, however, to a week preceding a Bank Holiday if the shop-assistant is not employed on the Bank Holiday, and if on one week-day in addition to the Bank Holiday in the following week the employment of the shop-assistant ceases not later than 1.30 p.m. Further, the above provision does not apply to such shops as tobacconists', newsagents', chemists', and shops selling refreshments and other perishable goods. For assistants in such shops special regulations were made in the Act of 1913 which limited their working-week to sixty-five hours and provided for thirty-two whole holidays on weekdays in every year. The Act of 1912 prescribed further that intervals for meals should be arranged so as to secure that no person should be employed for more than six hours without an interval of at least twenty minutes. An interval of not less than three-quarters of an hour should be allowed for dinner in the middle of the day, and half an hour for tea between 4 p.m. and 7 p.m.

The above regulations affecting certain trades are in fact the only existing limitations of working-time in British industry, for the

* The Corn Production Act of 1917 [7 and 8 George V., ch. 46], which was repealed in 1921, enabled the Agricultural Wages Board to secure (by fixing a minimum-rate for time-work) wages for able-bodied men which were equivalent, in the opinion of the Board, to at least twenty-five shillings a week if each day's work were equal to an *ordinary day's work*. This fact is not in itself sufficient to justify the assertion that the Board could indirectly fix the working hours of agricultural labourers; but the complementary power conferred upon the Board, which provided for a differential rate in the case of overtime, undoubtedly justifies such a statement.

† 2 George V., Ch. 3; and 2 and 3 George V. Ch. 24.

‡ 1 Edward VII., Ch. 22.

LABOUR POLICY

workers' demand for a universal eight hours' working-day has not received the measure of public support that is needed to bring about its legal enactment. It is of interest, however, to consider the efforts made by the Labour Party and the trade-unions to secure a general limitation by law of the working-time in all trades.

As the result of a resolution passed by the Trade Union Congress of 1912 the Parliamentary Committee, with the assistance of local Labour Councils, launched a campaign in favour of a general eight-hours working-day. Various meetings were held in different parts of the country, and at all of these the following resolution was passed: "This meeting hereby endorses the resolution passed at the last annual gathering of the Trade Union Congress in favour of a general reduction of the working-hours, and, believing that it is necessary to *supplement trade-union efforts in this direction by legislative action*, calls upon the Government to afford facilities for the passing of a General Eight Hours Bill."* A Bill† to this effect was drafted by the Parliamentary Committee and introduced into Parliament. It was, however, unsuccessful.

In February 1913 the Parliamentary Committee issued to all societies affiliated to the Trade Union Congress a circular demanding the Executives of their societies to take a ballot of their members upon the following questions: (1) "Are you in favour of an eight-hours day, in a form suitable to the exigencies of your trade, with rigid restriction of overtime?" (27,917 members voted for, 5,228 against). (2) "Are you in favour of obtaining an eight-hours day and of restriction or abolition of overtime by negotiation?" (19,530 for, 5,016 against). (3) "Failing negotiations, are you in favour of giving support through the Parliamentary Committee to any affiliated societies or federations in fixing a date on and after which none of their members will work more than eight hours in any one day?" (17,918 for, 6,345 against). (4) "Are you in favour of the Parliamentary Committee passing forward an Eight Hours Bill, and thus supporting individual action by political action, so as to make a general eight-hours day the law of the land?" (33,062 for, 4,281 against).‡

The trade-union propaganda in favour of an eight-hours day had to be reduced considerably during the War, and the Trade Union Congresses confined themselves to passing resolutions in respect of the post-War period. The Congress of 1916 carried unanimously the following resolution: "Having regard to the many and varied

* *Report of the Congress 1913*, p. 104. Italics are the author's.

† *Public Bills 1913*, No. 105.

‡ *Report of the Trade Union Congress, 1913*, p. 105.

LEGAL REGULATION OF THE HOURS OF LABOUR

economic changes, and the general speeding up adopted in all classes of industry, particularly during the period of the War, and recognizing that unemployment, which had before the War become permanent in character, in busy and slack seasons, in summer and in winter, and common to all trades and industries consequent upon the industry being carried on for private profit, and that it will be accentuated by the rapid development of machinery and other wage-saving methods due to the War requirements, and that many workers are working under the premium bonus and other systems which cause keener competition in our industrial system, this Congress instructs the Parliamentary Committee to co-operate with affiliated trades concerned in industrial action, on the termination of the War, and also to draft a General Eight Hours Bill, to be introduced into the House of Commons, and, as soon as circumstances permit, to again organize demonstrations in various parts of the country, with a view to educating public opinion to the need for an eight-hours day.”*

The Congress of 1917 declared in favour of taking immediate steps on the termination of the War to reduce the working-hours in all trades to forty-eight per week without reduction of the standard-rates of wages. Further, the Congress urged the Parliamentary Committee and the Labour Party to press for legislation on these lines.

The main difference between this resolution and that passed previously by the Congress in 1916 is the demand for a forty-eight hours week instead of an eight-hours day. This apparently insignificant difference is really of some importance. In industries where work is carried on with uniform regularity for eight hours a day and on week-days only there is no substantial difference between the establishment of a forty-eight hours week and an eight-hours day. But several industries have to be carried on continuously day and night, and on Sundays and holidays. This means that the hours of work must be regulated so as to fit in with the day of twenty-four hours and the week of seven days. Thus, for instance, in the collieries the maximum working-time below ground is fixed by the Coal Mines Act of 1919† at seven hours, but may be extended, in the case of work which requires to be carried on continuously, to eight hours, in order to fit in with three eight-hours shifts during the twenty-four hours. For miners under this condition an eight-hours day would really mean a fifty-six hours week, instead of a forty-eight hours week. A reduction of the working-time in continuous work to six hours (i.e. by having four shifts in twenty-four hours) would

* *Report of the Congress, 1916*, p. 227.

† 9 and 10 George V, ch. 48.

LABOUR POLICY

mean that the workmen employed in this way would have a forty-two hours working-week of seven days, and thus—as regards the total amount of hours worked in any one week—would be put on the same level as other miners employed only six days at seven hours a day. Further, the existence of half-holidays makes special provisions necessary.

The Industrial Conference, which was called by the Government in February 1919 appointed a Joint Committee, consisting of employers' and workmen's representatives, to inquire *inter alia* into the question of working-hours. The Report of this Committee is interesting from many points of view*, and we propose to devote some space to an examination of the principles which were there laid down in respect of working-hours. The Memorandum presented by the Labour representatives of the Committee† on the causes of and remedies for Labour unrest will also be discussed.

In the first place the Committee unanimously advocated a "legal maximum of normal hours per week for all employed persons." It recommended a forty-eight hours week, but recognized that this number might be reduced by agreement, and also that there were exceptional cases in which it might be necessary to increase it. Accordingly it was suggested that legal sanction should be given to trade-agreements concerning the reduction, and also, under certain conditions, to the augmentation of working-hours. The Committee proposed, further, that, if even one party expressed a desire for variation, the Secretary of State‡ might, on application, summon a Conference of the employers and employed concerned. If a sound decision were reached at this Conference it should receive legal sanction by an Order issued by the Minister.

The Committee, mainly on account of lack of time, had not felt competent to draw up a list of exemptions from the Forty-Eight Hours Act, but it suggested that after the passing of the Act a definite period should be fixed during which applications for exemptions could be made, and that inquiry should take place into each case. Further, the Committee recommended that special provisions should be made for discouraging overtime, particularly systematic overtime; such work should be paid for at a rate which was at least 25 per cent. higher than the rate paid for ordinary work.

The Memorandum of the Labour representatives advocated a system combining an eight-hours day and forty-four hours week, thus providing for one half-holiday every week. This system should be subject to only such modifications in respect of particular industries as were clearly essential to the efficiency of the service. Such

* Cd. 501, 1920, p. 6 *seq.*

† *Ibid*, Appendix I.

‡ Or other appropriate Minister.

LEGAL REGULATION OF THE HOURS OF LABOUR

modifications should be allowed only on condition that the terms secured to the workmen in such industries were not on the whole less favourable than the terms accorded to workmen in other trades. A measure for the automatic extension of shorter working-time was proposed also.* Thus, where a collective agreement securing shorter working-time had been arrived at between representative organizations of employers and employed in a certain trade, this should be compulsory over the whole trade, including those sections of it which were unorganized. Finally the Memorandum suggested that a low standard of organization in or of a trade should not be regarded as an excuse for long working-hours or bad conditions of employment.

The only point on which the Majority Report of the Committee and the Labour Memorandum directly differed was the question of the weekly half-holiday.

It is worthy of notice that the International Labour and Socialist Conference at Berne† advocated a maximum eight-hours day and forty-eight hours week, and also a Saturday half-holiday. This was obviously an oversight, but the peculiar situation has arisen that both the Committee as a whole and the Labour members of it can lay claim to the sanction of international Labour opinion, the Committee for its forty-eight hours week and the Labour side for its weekly half-holiday.

The solution recommended by the Committee is remarkable. General legislation with the object of fixing a uniform working-time for all industries is, as a rule, unsatisfactory. But this does not apply to the legislation recommended by the Committee. Here, undoubtedly, a uniform working-time has been recommended; but this is not applicable to trades in which the representatives of employers and employed can come to an agreement altering the uniform time, but only to those trades in which voluntary agreements cannot

* This measure is similar to that advocated by the Trade Union Congresses for the extension of high wages.

† It may be of interest in this connection to notice the resolution of the International Labour and Socialist Conference at Berne in 1919, which runs as follows: (1) "The hours of labour shall not exceed eight per day or forty-eight a week. (2) Night work between the hours of 8 p.m. and 6 a.m. shall be prohibited by law in all forms of employment, except in so far as it may be unavoidable for technical reasons or from the nature of the occupation. (3) Where night work is necessary the rate of pay shall be higher than for day work. (4) The Saturday half-holiday shall be introduced in all countries. (5) Workers shall all be allowed a continuous weekly rest of at least thirty-six hours between Saturday and Monday morning. Where the nature of the occupation involves Sunday work, the weekly break of 36 hours shall be given during the week. (6) In continuous industries the shifts must be so arranged that the workers have at least every other Sunday free. (7) Night work and Sunday work shall be paid for at a higher rate." *Report of the Conference of the Labour Party, 1919, Appendix VIII, p. 201.*

LABOUR POLICY

be arrived at in respect of such alteration. The interests of the public are secured by the power conferred upon the Government of sanctioning or refusing to sanction the voluntary agreements. To sum up, the system recommended by the Committee has all the advantages of legal protection without the rigidity which results from a working-time that is fixed by law.

The Government has prepared a Bill based upon the recommendations of the Committee, but it has been opposed by the Labour Party as agricultural labourers and seamen are excluded. In consequence of this opposition the Government has decided not to proceed with the Bill.

It must be remembered that although a general maximum eight-hours day is not enforced legally in England, it is actually established in all the chief industries of the country by agreements between the trade-unions and the employers.*

6—GENERAL SURVEY

In all the five countries with which we are here concerned the eight-hours working-day (or forty-eight hours working-week) has been carried into effect for the majority of industrial enterprises. In France, Sweden, and Norway this is the result of legal enactment, whereas in Great Britain and Denmark restrictions as to working-time are based entirely upon voluntary agreements between employers and trade-unions.

The idea of limiting the working-time in industry by international convention was taken up by the Peace Conference of 1919, and the Washington Conference of the International Labour Organization held in October and November that year adopted a Draft Convention on the legal limitation of the hours of work in "industrial undertakings." This document, which was submitted for ratification to the various countries affiliated to the International Labour Organization, contained the following important clause†: "The working-hours of persons employed in any public or private industrial undertaking or in any branch thereof, other than an undertaking in which only members of the same family are employed, shall not exceed eight in the day and forty-eight in the week, with the exceptions hereinafter provided for."

This Convention has not been ratified by any of the countries under survey, and for various reasons. In Great Britain and Denmark, where the eight-hours day had not been fixed by legal enactment,

* *Cp. League of Nations, Report on the Eight Hours Day*, London, 1919, p. 58-65.

† Article 2.

LEGAL REGULATION OF THE HOURS OF LABOUR

and where, therefore, there had been no experience as to the economic consequences of such a measure, the legislature could hardly have adopted the Convention immediately.

In France, Sweden and Norway the situation was different, although this difference was one of degree rather than of principle. In these countries a legal eight-hours day, or forty-eight hours week, had been established already, but the respective Governments had not been able to form a definite opinion as to the value and consequences of the measure, for the period which had elapsed since the institution of the eight-hours day had been too short, and had been a time of great industrial disturbance ; it was impossible, therefore, to draw any definite conclusions with regard to normal industrial conditions. Under these circumstances it was considered better not to adopt the Convention, but to develop and improve the existing systems of maximum-time regulations, in accordance with the experiences gained in each country.

The most adequate and supple system of legislation with regard to a maximum working-time is undoubtedly that proposed by the Joint Committee of the British Industrial Conference of 1919. According to this system there shall be established a general eight-hours day, to apply to all industrial enterprises where employers and employed cannot arrive at an agreement in respect of working-time. But it will be open to both parties to fix, by mutual agreement, a working-time which shall suit the conditions in the particular industry concerned. This system obviously has all the advantages of a voluntary system, whilst it also affords the workers the measure of support necessary for the prevention of overwork.

In France, Sweden, and Norway the legal eight-hours day, or forty-eight hours week, was established before the great post-War depression in trade really set in. This fact explains why the measure could be carried out comparatively easily, for at the time when this took place it was still possible for the employers to transfer some of their loss to the general public in the form of higher prices. In this way unemployment among workers whose weekly wages could not be reduced in proportion to the shortening of the working-time was to a certain extent avoided.

In the three countries dealt with above the introduction of the legal eight-hours day has resulted in a decrease of output. Obviously this proves that the greater efficiency of work is not sufficient alone to compensate for the loss in working-time. However, the legal limitation of working-time in industry, either by a general law or by separate laws for different industries, is a question which ought to be considered, not only with regard to its economic consequences but also from a social point of view. The loss in working-

LABOUR POLICY

time and the decrease in production which must inevitably result from it, at least temporarily, are hardly sufficient reasons against a moderate reduction of daily work. After all, the whole production of material or goods is only one form of satisfying the needs of the community, but this satisfaction must not be permitted if it involve the loss of, or endanger, other more urgent needs of the individuals who make up the community. The need of leisure is absolutely indispensable to the physical and moral well-being of all men and women, and if large numbers of the population are badly-off in this respect, a reduction in the time which they devote to their ordinary occupations is undoubtedly of greater concern to the country as a whole than the loss incurred by a decrease in material output. Besides, the speeding-up of the work, the better health and enlightenment of the people, and the removal of the causes of discontent among the workers are all factors which will undoubtedly compensate in the long run for the loss in production resulting from the reduction in the hours of labour.

CHAPTER XXIV

UNEMPLOYMENT

I—INTRODUCTION

THERE has been and still is much confusion in thought and speech on the question of unemployment. It is therefore necessary, before we enter into an examination of the policy with regard to unemployment which is pursued in the various countries under survey, to make a few remarks on the problem of unemployment in general.

It is important, in the first place, to notice that the obscurity which surrounds this subject is due chiefly to two causes; the first of these is that many people, owing to some peculiar prejudice, do not and will not see things as they really are; the second is that the problem is mixed up with another with which it is connected very closely, namely the problem of depression and progress in trade.

As to the first cause, it is not unusual for people to refuse to consider unemployment as a problem of wages, for the simple reason that if the workers have once obtained a certain rate of wages it is, in their opinion, only just that it should be maintained.* This principle is all very well, but it does not alter the fact that, if wages are not reduced during a time of trade-depression, unemployment is bound to ensue.

As to the second reason for obscurity, it is obviously quite right to seek and remedy unemployment by abolishing the causes of trade-depression, but the problem of unemployment must be kept apart distinctly from the problem of trade-depression. It would be futile to try to abolish all causes of trade-depression, for some of them are bound up so closely with the present industrial system that any attempt to do away with them would be doomed to failure. Therefore the problem of unemployment has to be tackled on the understanding that trade-depression is a given quantity which will continue to exist so long as the present industrial order prevails.

When forming an opinion as to the unemployment policy pursued

* *Nota bene*—under normal industrial conditions; this principle obviously cannot be maintained with regard to war-wages.

LABOUR POLICY

in the five countries with which we are here concerned it is important to have a clear understanding of what "unemployment" really means. It means that numbers of *able-bodied* and *willing* workers are unable to find employment *at a certain wage*. Those members of the community who are incapacitated by either age or infirmity, together with those who habitually refuse to work, must not be confused with the real unemployed; they are the unemployable. These individuals are dealt with by the poor-law and by legislation relating to public health and old age.

The problem of unemployment presents itself under two different aspects:—(1) Unemployment arising out of special conditions in certain branches of industry; *seasonal* unemployment belongs to this class. (2) Unemployment caused by a general depression in the whole field of industry; *cyclical* unemployment and unemployment caused by foreign competition or by post-War depression belong to this class. In order to avoid confusion it is necessary to keep these two cases distinctly apart. The fundamental difference between them is obvious. The total demand for labour remains practically unchanged from year to year in the first case; while in the second case it has been diminished. This circumstance is highly important, because in the first case the question is reduced to a problem of the distribution of labour, while the aggregate demand for labour is practically unchanged; but in the second case the total demand for labour has diminished, which means either that the wages must be cut down or that a number of the working-class must be thrown out of work. A depression of trade is characterized by a decreased demand for goods. Whether this disturbance of the economic equilibrium has arisen from the demand-side or from the supply-side is not pertinent in this connection; the point of importance is that the employer cannot make the same profit if he goes on producing as much as he did before. In any case he gets the maximum-profit if he reduces his production in proportion to the diminished demand. When doing this he has obviously less need for labour than he had before, and he is unwilling, and in many cases unable, to keep all his hands fully employed unless they accept a reduction of wages. This, however, is often what the trade-unions will not do, with the result that the employer has to dismiss the superfluous*

* It may be noticed that this term "superfluous," like the term "over-production," is somewhat inadequate. It is only from the employer's point of view that there can be superfluous labour and over-production. A labourer is needed at all times by the community, and production can never be great enough to supply all the needs of the community. When an employer talks about "superfluous labourers" and "over-production," he speaks from his own standpoint only, i.e. with regard to his profit-rate.

UNEMPLOYMENT

workers. Those labourers thrown out of work in this way are unemployed at their old wages, but if they and their fellow-workers were prepared to accept lower wages they would obtain employment. To a certain extent then, unemployment is their own fault, but at the same time it is easy to understand the workmen's reluctance to accept lower wages in order to enable the employers to maintain their rate of profit. In this case, when it is impossible for the workmen to find employment at approximately the same *real wages* as those to which they are accustomed, *and when the state of depression is only temporary*, State-intervention seems to be justifiable.* To throw away productive power merely because it cannot be utilized profitably by the employers is obviously wrong, and when workers cannot obtain any private work (in consequence of a general depression of trade) the organization of public relief-work seems reasonable. It is better for the community that the workers should be employed in any form of industry than that they should remain idle for a long time. But it is also clear that a workman must be released from public relief-work so soon as employment in private business is open to him.

It is a matter of experience that enterprises for the temporary relief of the unemployed very rarely pay their own expenses and therefore have to be subsidized. This must of necessity be the case if the State undertakes to employ the temporary workers at standard trade-union wages, because it is extremely improbable that the State will be able, in times of depression, to find remunerative work for the unemployed at standard wages when private enterprise has been unable to do so. It must be remembered also that it is necessarily more expensive to conduct relief-works than to carry on private enterprises because of the irregularity and discontinuity of the former and because labour employed thereon is subject to considerable alterations.

This fact has often been adduced as an argument against the organization and provision of relief-works. There are those who think that it would be far better to give the money spent on such works to the unemployed as out-of-work pay. However, from the point of view of the efficacy of the support given, employment in public relief-works seems to be superior to direct grants or doles, because in the first case the temporary workers contribute something towards their support, even if this something does not entirely repay the cost of their maintenance; but in the second case they

* In the case of permanent depression (e.g. as a result of foreign competition) *real wages* have to be reduced to the economic level. In this case State-intervention must be directed towards the removal of the causes of depression by supporting, so far as possible, the competitive power of industry.

LABOUR POLICY

produce nothing at all, and live entirely at the expense of the community, and probably in a state bordering upon destitution. It is obvious that the first alternative is preferable from the point of view of the workers themselves and of the community as a whole.

Because temporary State relief-works are not nearly so remunerative as permanent private enterprises, the State must, in the interests of the community, confine its activity strictly to periods of general depression, and must take particular care not to give relief-work to any workmen who can find suitable employment in private business. For this reason it is very important that there should be close co-operation between the Labour Exchanges and the public authorities organizing relief-works; this would prevent over-lapping and undue interference with the distribution of labour, since the Labour Exchanges would be instructed to draft into the relief-works only those men who could not obtain work elsewhere.

2—FRANCE

FRANCE is exposed comparatively little to *cyclical* unemployment, and in harvest-time there is, as a rule, a shortage of labour which necessitates the importation of workmen from neighbouring countries, particularly from Belgium, Spain, Portugal, and Italy, and even from Algeria and distant China. There are several facts which explain why French industry is exposed comparatively little to fluctuations in the world-market and to unemployment resulting from industrial crises. First of all, French manufacture is not concentrated in large factories and large industrial centres to anything like the same extent as, for instance, in Great Britain. Further, French manufacture works in order to supply the local and national demand rather than for export. These circumstances make it easier for the employers to regulate production more closely in accordance with the demand. Another factor which must be considered is that Trade Unionism is far weaker in France than in England; this naturally makes it more difficult for the French workers to force wages above their normal rate and thus cause unemployment.

Further, it may be noticed that, as France is largely an agricultural country, unemployment (apart from the reasons given above) is not of such a cyclical character as in large industrial countries, but is seasonal and greatest during the winter. Apart from this seasonal slackness, unemployment in France, when it exists, is

UNEMPLOYMENT

due primarily to the unsatisfactory system of placing workers,* but also to the lack of technical training among the working-classes.

The policy in France with regard to unemployment has in view, on the one hand, the prevention of unemployment, and, on the other, the relief of the unemployed. Among measures of the first kind may be mentioned the establishment of Employment Offices and of public works for the unemployed, and the regulation of immigration. Unemployment-insurance, and out-of-work donation are provisions of the second kind.

As already stated, the lack of a satisfactory system for placing the workers has been one of the main causes of unemployment in France. During the War and in recent years more attention has been paid to the necessity for improving this system. A peculiar system of private profit-making Employment Offices (*bureaux de placements*) was created in the last century. These institutions, which were licensed by the Government, made the workmen pay, not only subscriptions, but also a certain sum on receiving employment through the Office.† This system, however, was stopped by the Employment Offices Act of March 14th 1904, which gave the municipal authorities power to close the Offices and prohibited payment by the workers to those Offices which were allowed to remain.‡ This Act is remarkable also for its provision that free public Employment Offices should be established in all municipalities of more than 10,000 inhabitants. Very little came of this Act for no provisions were made for the establishment of funds out of which the expenses of the Offices could be paid. In order to promote the establishment of such Offices the Ministry of Labour in 1911 decided to grant subsidies to them in proportion to the number of unemployed who had received employment through their agency. The classes of workers who applied to the Employment Offices were mostly domestic servants, waiters, and agricultural workers. In 1911 the private Offices found employment for a weekly average of about 16,000 workers.§ The Offices set up by employers were the most important, but Offices were also established by workers, by employers and workers jointly, by the municipal authorities, and by friendly and charitable societies. The Offices set up by the workers as a rule formed part of the Labour Exchanges which, as may be remembered, had several functions besides the placing of workers.||

* However, this system has, as we shall see presently, been much improved lately.

† F. Fagnot, *Le Chômage*, Paris 1905, p. 29.

‡ *Bulletin de l'Office du Travail*, March 1904, p. 253.

§ League of Nations, *Report on Unemployment*, London 1919, pp. 40-42.

|| *Idem* p. 45.

LABOUR POLICY

The whole system of privately-organized Employment Offices was very inefficient, not only because of its decentralization and the lack of co-operation between the various Offices, but also because of the antagonism between the organizations set up by employers and those formed by the workers. The French section of the International Association for Prevention of Unemployment, therefore, carried on an active agitation for the replacement of the private system by a State-organized system under the control of the Ministry of Labour.

The situation in the labour market at the beginning of the War afforded an opportunity for the Government to take the matter in hand. The stoppage of more than half the industrial and commercial enterprises of the country during the first months of the War threw two million workers out of work, at the same time that nearly a million refugees were driven into the central departments from the invaded areas and Belgium. On October 26th 1914 a *Central Employment Exchange* was established, the primary object of which was to find employment for the refugees. The Office, which was attached to the Ministry of the Interior, also procured employment for other unemployed persons, particularly miners and munition-workers. Besides this Office a *National Agricultural Labour Office* was established, under the control of the Ministry of Agriculture; its object was to find employment for agricultural workers. Workmen who received employment through this Office were entitled on appointment to travel to their new work at reduced fares. Both the Central Employment Exchange and the National Agricultural Labour Office were soon placed under the control of the Ministry of Labour and merged into one *Central Employment Office*. By a Decree of Feb. 3rd 1920 this Office was placed under the immediate control of a Joint Committee, the *National Council of Manual Labour*. This Committee is composed of representatives of the great organizations of employers and workers in industry, agriculture, and commerce, and of nearly all the great State-ministries; and also of members of the Chamber of Deputies and of the Senate.*

On the initiative of the Ministry of Labour State-subsidized *Departmental Exchanges* have been established in nearly all departments. These Exchanges are under the control of the Central Office and in their turn control, or have taken over, the municipal Employment Offices. In order to equalize the supply of and demand for labour between the various districts, six *Regional Employment Exchanges*, each comprising a certain number of departments, have been established. These Exchanges are situated

* Decree of April 14th 1920.

UNEMPLOYMENT

in Paris, Lille, Lyons, Marseilles, Toulouse, and Nantes. In order to facilitate the interchange of labour the Ministry of Labour has made an agreement with the Railway Companies by which workmen who have found employment through a public Employment Exchange are entitled, on taking up the employment, to travel at half the ordinary fare.*

Of all the Departmental Exchanges that of the Seine is certainly the most important. The methods applied by this Office are extremely efficient.† It may be noticed that the French Employment Offices, unlike the British, have nothing to do with the payment of unemployment-benefit, and are thus able to devote their energies entirely to the placing of labour.

In 1920 the public Employment Exchanges in France filled about one million vacancies, that is approximately the same number as those filled by the British Employment Exchanges during the same period.‡

The idea of starting relief-works for the unemployed has never been so popular in France as it has been in the United Kingdom, either among the working-classes or among the Socialist members of the Chamber of Deputies. M. Millerand, for example, declared that the starting of relief-works could not solve the problem of unemployment, but should be regarded only as an emergency-measure.§ Before the War relief-works at minimum-wages were organized sometimes by the municipal authorities, but only to a very small extent. Immediately after the War the Government appropriated some six million francs for the organization of public works,|| but the work in the devastated areas is carried on by private enterprise under Government contract.

The French regulations with regard to the immigration of alien workers call for special attention. The restriction of immigration, which the British workers had fought for in vain before the War, was established in France in 1899. A Decree of this year forbade contractors to pay to alien workers lower wages than they paid French workers, and forbade employers working for the Government to employ more than a certain percentage of foreign workmen. It may be noticed also that, according to an Act of 1893, all foreign workers have to be registered and pay a registration fee. Immigration of foreign labour is placed under the control of the Ministry

* *Bulletin du marché du Travail*, October 30th 1920.

† The writer has had the opportunity of watching personally the smooth working of this highly efficient Office.

‡ *Report of the International Labour Office*, Geneva, 1921, Series C. No. 5.

§ F. Fagnot, *Ibid.*, p. 33.

|| *Report of the European Commission of the National Industrial Conference Board (U.S.A.)*, 1919, p. 188.

LABOUR POLICY

of Labour, and, in respect of agricultural workers, of the Ministry of Agriculture. In view of the present increase of unemployment, instructions have been given to French Diplomatic and Consular Agents abroad, and to the Depots and Registrars of foreign labour, to restrict admission to French territory to agricultural workers, miners, and certain classes of skilled workers of whom there is a shortage in France.* It may be noticed, however, that in 1919 and 1920 there was a considerable influx of foreign workers into France. From October 1919 to October 1920 they totalled about 150,000; of these 80,000 were Italians, of whom only 10,000 were agricultural labourers.† There is no doubt that these workers increased considerably the number of unemployed French workers.

The system of unemployment-insurance in France was developed only slightly before the War. It was organized entirely by private associations, first of all by the workers' syndicates. By the Finance Act of April 22nd 1905 a sum of 110,000 francs was set aside for the purpose of subsidizing private and local unemployment-funds, and by a Decree of September 9th of the same year the Government made certain regulations for Unemployment Insurance Societies entitled to State-subsidies. Thus it was laid down that no benefit should be paid to workers who were unemployed through their own fault. Each subsidized Society had to undertake the free placing of workers. The Society, to be officially recognized, should have been in operation for at least six months. Contributions should be fixed, as well as the rate of benefits. A member should not have the right to draw benefits from more than one Society, nor before he had paid contributions for six months. Any member who refused employment offered him through the Society, or who had received benefits fraudulently, should be excluded from unemployment-pay. Each member receiving benefit should sign his name three times a week on the register of the Society. As a rule State-subsidies should not exceed 16 per cent. of the amount paid by a Society as unemployment-benefit. No Society was entitled to subsidies for benefits paid to an unemployed member for more than 60 days in any one year, or for a daily benefit at a rate exceeding 2 francs. The recognized Unemployment Insurance Societies were placed under the control of an *Unemployment Insurance Commission* composed of Government representatives, Members of Parliament, and representatives of the Unemployment Insurance Societies.

The State subsidies were increased gradually to 20 per cent. of

* International Labour Office, *Ibid*, pp. 18-19.

† *Journal Officiel*, November 4th 1920.

UNEMPLOYMENT

the benefits paid, and for the larger Societies of more than 1,000 members, operating in three or more departments, to 30 per cent. In spite of this the State-subsidies paid in 1913 amounted to only about 55,000 francs, and in 1914 to 96,000 francs. The rate of benefit to be taken into account when calculating the State-subsidies was increased from 2 francs to 3.50 francs by a Decree of November 27th 1919*—a very slight increase considering the rise in prices.

During the War a system for the temporary relief of unemployment was established under the control of the Ministry of Labour, and this seems to have assumed a more or less permanent character. On August 20th 1914 the Government created a National Unemployment Fund for the following purposes: (1) to grant special subsidies to trade-unions and Unemployment Insurance Societies; (2) to assist the municipal and departmental authorities in organizing institutions for the relief of unemployment, and to refund to such institutions a certain percentage of the unemployment-benefit paid by them; (3) to facilitate the repatriation of the unemployed or their transference to localities where work could be given them.

The system of State-subsidies granted to municipal and departmental relief-institutions was regulated by a Decree of November 24th 1914, amended on January 9th 1915. According to these regulations the Government undertook to refund to the relief-institutions 33 per cent. of the unemployment-benefit paid by them, at a rate not exceeding 1.25 francs per head per day, with an additional benefit of fifty centimes for every dependent of the relieved person. These maximum-rates were increased gradually. In 1919 the rate per head was fixed at 2.25 francs, and the rate per week per household at 6 francs.†

The almost complete absence of unemployment during the second and following years of the War made the existence of local and departmental relief-funds superfluous, and it was decided to abolish them.‡ However, the situation immediately after the Armistice, and particularly the situation of the Labour market since the beginning of the general trade-depression in 1920, have made it necessary to reconstruct the municipal and departmental unemployment-funds. According to the official returns for April 2nd 1921 there were at that time 97 municipal and 8 departmental unemployment-funds, paying benefits to about 80,000 persons, 66,000 of whom were resident in the Seine Department. These

* International Labour Office, *Ibid.*, p. 3.

† Decree of January 14th 1919.

‡ *Circular of the French Ministry of Labour*, October 25th 1919.

LABOUR POLICY

figures have been reduced considerably since, and at the beginning of March 1922 there were only 72 municipal and 7 departmental funds in operation, paying out-of-work benefit to not more than 9,244 unemployed workers. The total sum granted by the Chamber of Deputies to the unemployment-funds for 1921 was 30,540,000 francs.*

The payment of unemployment-relief in France is entrusted to the poor-relief offices, not, as in England, to the Employment Exchanges. For this reason the French workmen are not much inclined to apply for unemployment-benefit, the receipt of which is looked upon as something in the nature of a disgrace. The arrangement, therefore, has been opposed strongly by the Syndicalists. The Government, on the other hand, seems to be quite satisfied with it. "It is a fact," says M. Jourdain, the Minister of Labour, "very much to the credit of the French workman that he does not have recourse to relief until he has reached the last extremity when all his efforts to find work have failed and his savings are exhausted."† It is clear that the reluctance of the French workmen to receive unemployment-relief is one of the reasons why unemployment is comparatively rare in France. Other and more important reasons why France suffers less than many other countries from the present trade-depression are :

1. The great demand for labour in the reconstruction of the devastated areas.
2. The low rate of exchange and the comparatively low wages, which make it difficult for foreigners to compete in the French market and easy for French exporters to undersell producers abroad.
3. The great loss of workmen in the War.

3—SWEDEN

UNEMPLOYMENT in Sweden under normal conditions is chiefly seasonal and affects first of all the more or less unskilled workers in agriculture and in the building-trade, in which the demand for labour is reduced largely during the cold and short days of winter. It must be remembered, however, that the majority of the Swedish farms are really small-holdings which can be looked after by the owner and his family ; the larger farms as a rule maintain a certain

* *The Labour Gazette*, 1921, pp. 199 and 398 ; and *Ibid*, 1922, p. 128.

† Quoted by International Labour Office, *Ibid*, p. 6.

UNEMPLOYMENT

number of permanent workers who are supplemented by temporary hands during the harvest. This is one reason why unemployment among the farm-workers is much less than one would expect. Another reason is that a large number of agricultural workers during the winter find employment in the special winter-industries, primarily in lumbering, but also in saw-mills, tile-works, and sugar-factories which are very often situated in the rural districts. The unskilled workers in the towns suffer from unemployment comparatively more than the rural workers, and can, as a rule, obtain only casual employment such as snow-clearing, ice-cutting, etc.

Cyclical unemployment, which is dependent upon the general economic situation, naturally in the first instance affects the workers in the export-trades, i.e. the iron- and wood-industries; but so long as agriculture remains the chief industry of the country, cyclical unemployment is bound to occur in Sweden less often relatively than in a large industrial country.

Measures to prevent unemployment were taken at a very early date in Sweden. Labour Exchanges of a primitive kind were organized by the Guilds of the sixteenth and seventeenth centuries, and as early as 1732 an Employment Office was established in Stockholm by Royal Decree. This office, however, ceased to exist in 1735, and up to modern times the establishment of Unemployment Offices has been left entirely to private initiative.*

Private Employment Offices have been established by organizations of workers and of employers, and sometimes by both these classes jointly. A Royal Decree of November 28th 1884 provided that no such Offices should be created without the permission of the Governor of the county (*Län*) in which the Office would be situated. This Decree also made certain regulations with regard to the activity of these Employment Offices. Gradually, however, it became clear that Employment Offices that were organized privately were insufficient to meet the needs of modern industry. They were dispersed over the country on no particular system and without any effective co-operation between the various Offices. Indeed, there has often been a strong feeling of opposition between the Offices organized by the employers and those organized by the trade-unions, and in times of labour conflicts these Offices have often been drawn into the struggle. These circumstances have made it necessary to bring the Labour Exchanges under effective Government control.

From 1902 up to 1905 public Employment Offices were established in five of the largest towns by the municipal authorities, and in 1906

* Socialstyrelsen, *Den Offentliga Arbetsförmedlingen i Sverige*, Stockholm 1915.

LABOUR POLICY

the Diet voted subsidies to such Offices on the following conditions : —(1) That they placed themselves under State-control. (2) That their services were gratuitous. (3) That they were open to all trades. (4) That they were under the joint management of committees of employers and workmen. (5) That the method of filling vacancies was approved by the Government.

The control of the Employment Offices was placed originally in the hands of the Board of Trade, but later on was taken over by the Social Board. At the present time Employment Offices have been established under Government control in nearly all the counties. These Offices are grouped into six districts. The municipal Offices are placed under the control of the county Offices.

The Government has endeavoured particularly to encourage uniform methods of working, an effective system of co-operation between the various Offices, and a careful registration of applicants. Expenses for telephones, telegrams, and correspondence are paid by the State. The Employment Offices also receive subsidies for the payment of a portion of the travelling-expenses granted to destitute unemployed workers on taking up employment.

Until recently there did not exist in Sweden any permanent system of State-contributions to unemployment insurance funds as in the United Kingdom and in France. The Royal Proclamation dated September 28th 1914 instituted a scheme of joint State and municipal unemployment donations, for the relief of unemployed workers who had been thrown out of work during the first War-period. According to this scheme unemployed workers without means had to apply for support to the local *Employment and Relief Committees* set up by the municipal authorities in pursuance of a Royal Circular dated August 18th 1914 ; or, if such a Committee were not established, they had to apply directly to the municipal authority itself. The conditions for claiming assistance were that the recipient attended a training-course organized by the Employed and Relief Committee ; that he reported daily at the Employment Office in the municipality where he lived ; and that he accepted work offered him by this Office.

The whole system of unemployment donations is placed under the control of the *Royal Commission on Unemployment*.

After the first period of unemployment in 1914 a shortage of labour ensued which was continued throughout the War, and unemployment was reduced to a minimum. The only important trade which suffered from unemployment to any great extent was the building-trade ; the number of workers in one of its branches, the stone-cutting industry, was reduced during the War by 75 per cent.*

* *Sociala Meddelanden*, 1920, p. 1,080.

UNEMPLOYMENT

The State organized public relief-works for the unemployed workers of the building-trade, chiefly in lumbering, and these absorbed large numbers of the unemployed workmen. Sweden, of course, was not faced with any immediate unemployment-problem caused by the demobilization of large numbers of troops, and by the closing down of munition works, as were the countries actually engaged in the War. Instead, the cessation of hostilities and the increased demand for wood, particularly from the United Kingdom, brought with it a considerably increased demand for labour, and during the period 1918-19 no unemployment-donation was paid by the State.* The general trade-depression which set in during the year 1920, however, has caused, and is still causing, a great deal of unemployment. Under these circumstances the Government has found it necessary to reintroduce the unemployment-donation.

The present scheme of unemployment-donation is regulated by a Royal Proclamation of October 22nd 1920, the main provisions of which are as follows :

The Government will assist the municipal authorities in payment of unemployment-donation on the following conditions : (1) That the recipient is at least 15 years of age. (2) That he is capable of work in his particular trade. (3) That he has not, within six months of his application for unemployment-pay, received poor-law relief. (Under certain circumstances exceptions can be made to this rule). (4) That he has endeavoured, but has not been able, to find employment through the public Employment Offices. (5) That, through no fault of his own, he has been out of work for at least six days.

When estimating the neediness of an unemployed workman the Employment and Relief Committee has to take into consideration his means of subsistence. However, it is important to notice that only the interest from (not the capital of) a workman's savings is taken into consideration when forming the estimate. Unemployment-relief may be granted in the form of food, clothing, tools, etc., whichever is most suitable under the circumstances. In no case may the aggregate assistance granted to the applicant exceed in value two-thirds of the standard-wages in his special trade and particular district.

The following daily rates are paid by the Government to the support of the Employment and Relief Committees :

1. For each married man of at least 18 years of age, 1 crown 50 öre.
2. For each single man or woman of at least 18 years, 1 crown 50 öre.
3. For each single man or woman of at least 15-18 years, 60 öre.

* *Ibid*, p. 1,079.

LABOUR POLICY

4. For each child, 30 öre.

The provisions of this Proclamation came into operation on October 28th 1920.

Since then unemployment has increased enormously. How serious the situation is, may be seen by the following figures. In October 1920 there were 110 applications for every 100 vacancies. The figures were 155 in November, 153 in December, in the following January 246, and in February 301. In agriculture and forestry the figures for February were only 102 or nearly normal, while the record of 354 was reached for the manufacturing industry.* At the end of February 1922 there were altogether 156,000 unemployed persons, of whom 65,400 were in receipt of unemployment-relief. Since then, however, the situation has improved considerably.

The total expenses of the Royal Commission on Unemployment for January and February 1922 were nearly 11,000,000 crowns.†

There are few countries where relief-works for the unemployed have been organized on such a large scale as in Sweden. At the end of February 1922 there were altogether nearly 30,000 workers engaged in relief-works organized by the State, and 13,000 in works established by local authorities.‡ But these works—road-building, lumbering, ditching, turfing, and similar work—did not afford much relief to the skilled workmen who were unwilling to undertake and often unsuited for that sort of work. Therefore it was proposed that the Government should subsidize private enterprises which undertook to employ a certain number of unemployed workmen§. This idea, however, did not meet with the approval of the Government, which decided instead to support industry by giving large orders to be carried out on behalf of the Army and Navy, the Board of Public Health, the State-railways, the water-power stations, and other State-enterprises. Such orders should be given even if delay might have been more advantageous to the Government from the economic point of view.

Public opinion realized long ago that the only way to solve the unemployment-problem is to cut down wages, and the workers themselves have begun to realise this gradually. The National Confederation of Trade Unions at their Congress held in January 1921 passed a resolution declaring that, if the conditions of the world-market necessitated a reduction of prices in Sweden, the workers would be willing to accept a reduction of wages which would

* *Sociala Meddelanden*, Stockholm 1921, p. 274.

† *Svenska Dagbladet*, April 2nd, 1922.

‡ *Ibid*, same date.

§ A system of this kind is actually in operation in Switzerland.

UNEMPLOYMENT

enable the different industries to compete in the world-market.*

This significant resolution proves that the Swedish trade-unions have begun to realize that the workers themselves suffer when they demand wages higher than industry can bear, and that the present unemployment can never be done away with or seriously reduced so long as wages remain at an abnormal level.

4—NORWAY

UNEMPLOYMENT in Norway, as in Sweden, is mainly seasonal in character. During the winter-months the demand for labour, particularly in fishing and agriculture, is reduced very greatly; forestry and shipping, however, absorb the unemployed workers of those trades to some extent.

Previous to the year 1906 the distribution of labour was not organized to any considerable extent; there were a few privately established Employment Offices, destitute of any real co-operation, and that was all. On June 12th of that year, however, an Act was passed providing for the setting up of public Employment Offices in the towns and rural districts. These Offices, which are organized by the municipal authorities, are subsidized by the State. They are placed under the control of a Joint Committee, representing employers and workers in equal numbers. The services of the Employment Offices are gratuitous and apply to all trades. The Government undertakes to pay half the ordinary fares of destitute workers when they travel to their new place of employment.†

Private and voluntary insurance against unemployment has existed in Norway ever since 1885. The insurance-funds are organized, as a rule, by Unemployment Societies set up by the trade-unions. An Act of June 1906, amended in 1908, provided for the reimbursement by the State of one-third of the benefits paid by recognized Unemployment Societies, provided that the maximum amount of relief paid to an unemployed workman did not exceed half the average wage prevailing in his trade, and was not paid out for more than 90 days in any one year.

The present system of unemployment-insurance in Norway is regulated by an Act of August 6th 1915, amended by an Act of July 29th 1918. The provisions of these Acts are in the main as follows:

In order to be entitled to claim repayment of half the unemploy-

* *Svenska Dagbladet*, Jan. 26th, 1921

† The activity of the Employment Offices is regulated by an Order of the Department of Commerce and Industry dated July 5th 1907.

LABOUR POLICY

ment-benefits from the State Exchequer an Unemployment Society shall fulfil the following conditions.*

1. That at least half the funds of the Society are formed by the members' contributions.
2. That no member shall receive unemployment-relief unless he has been a member of the Society for at least six months and has paid at least 26 weekly contributions.†
3. That relief shall not as a rule be paid for a period of less than 3 days.
4. That an unemployed workman shall not receive relief at a rate which exceeds half the average wage prevailing in his particular trade.‡
5. That unemployment-relief shall not be paid to a workman for more than 90 days in any one year.
6. That no member shall receive relief if he has refused to accept work offered him through the Society.
7. That the rates of contributions can be altered according to the circumstances of each case.
8. That no benefit shall be paid to members of other Unemployment Societies or to persons who are actually in receipt of sickness-benefit.
9. That no unemployment-benefit in any form shall be paid to workers who are thrown out of work in consequence of a strike or lockout.

The State, however, may subsidize Unemployment Societies temporarily, even if they do not fulfil all the above conditions. But no subsidy will be paid to an Unemployment Society in respect of an unemployed person unless the Society has been informed by the public Employment Office of the district that no suitable employment could be found for him. The contributions paid by the State to the unemployment-funds have to be refunded, up to two-thirds of their amount by the Municipality in which the expenses have been incurred. The sums to be refunded by the Municipalities can be reduced on occasions of exceptionally great unemployment, when the effect of such refunding would be oppressive.

In consequence of the great industrial progress made by Norway since 1906 there has been comparatively little unemployment, except during the general trade-depression in 1908 and 1909. On the whole the total number of vacant situations from 1910 till the beginning of the War exceeded the number of applicants for employment.

* Under certain conditions the Government has power to refund to the Unemployment Societies two-thirds of the benefits they have paid out.

† The Government under certain circumstances may suspend this condition.

‡ The Government may allow an increase of the benefit-rate to two-thirds of the average wage.

UNEMPLOYMENT

During the first months of the War there was a considerable amount of unemployment, but towards the middle of 1915 a shortage of labour gradually ensued. In industries connected with the food-supply (i.e. baking, canning, etc.) a good deal of unemployment existed during this period and lasted throughout the War in consequence of the severe rationing of food. A period of general unemployment set in during the winter-months of 1919, but was reduced considerably towards the summer. The general trade-depression in 1920 again caused an increase in the number of the unemployed, and in November 1920 there were 262 applicants for every 100 vacant places.* The percentage of members who were reported as unemployed at the end of January 1921, in certain trade-unions which made returns to the Norwegian Central Bureau of Statistics, was 10.5 as compared with 6.5 in the previous month and 2.4 in January 1920. In December 1921 the figure was raised to 18.3, and in the following February to 21.3.†

In 1918 the Storthing voted a sum of 1.5 million crowns, and in 1919 of 1 million crowns, for the relief of the unemployed. The sum voted in 1918 was used, on the one hand, to subsidize the Unemployment Societies, and, on the other, for the direct relief of unemployed workers who were not members of these Societies. Fearing that the direct relief to the unemployed who did not make any contributions to unemployment-funds would create more unemployment, the Government in 1919 decided that the payment of such relief should cease. Instead the municipal authorities were urged to organize public relief-works, the Government promising to pay 2 crowns a day for each workman employed on such work. This system was continued in 1920 and 1921, and the total sum voted by the Storthing for the purpose of unemployment-relief was, at the beginning of 1921, 6,300,000 crowns.‡

The Social Department made provisions with regard to the use of this sum in a circular dated January 24th, according to which the system of relief-work should be continued. Direct relief to the workers who were not members of Unemployment Societies could be given under certain circumstances. Such relief should never exceed, for married workers, three-quarters of the average wages prevailing in their respective trades, and, for single workers, one-half of such wages. The maximum-relief for a male workman should be 3 crowns a day, 1 crown for his wife, and 20 öre for each child—the total amount not to exceed 5 crowns. In consequence of the considerable increase of unemployment the Government has decided

* Ministry of Labour, *Labour Overseas*, London 1920, p. 34.

† *The Labour Gazette*, 1921, p. 199; and *Ibid.* 1922, pp. 128 and 236.

‡ *Sociala Meddelanden*, Stockholm 1920, p. 413.

LABOUR POLICY

to organize relief-works on an extensive scale. The total amount required for this purpose in 1922 has been estimated at 71 million crowns, of which 26 million should be used for the support of the local relief-works, and 45 million for the works organized by the central Government.*

In order to reduce unemployment many employers have decided to work short-time in their factories. The Cotton Manufacturers' Association has actually reduced the working-time in the cotton-industry to four days a week, and at a joint meeting of Norwegian and Swedish paper-manufacturers in October 1920 it was decided to reduce the working-time in each country by one-third. In this way a great many workers are kept in part-time employment who would otherwise be thrown out of work completely.

5—DENMARK

As Denmark is a pronouncedly agricultural country the aggregate demand for labour is naturally much less in winter than in summer, while at the time of the harvest there is a shortage of labour. Seasonal unemployment is prevented partly by the farm-workers being employed during the winter in industries connected with agriculture, such as the sugar-, cheese-, butter- and margarine-industries, and industries making condensed milk, preserving and canning animal- and vegetable-products, etc. The degree of unemployment is not subject to cyclical fluctuations to any large extent; it varies, however, to a certain extent according to whether the harvest is good or bad in Denmark and in the countries which compete with it in the export of agricultural products. On the whole, however, the demand for Danish exports is in ordinary times fairly steady as they are mainly food-stuffs of high quality. Naturally this is a circumstance which tends to reduce unemployment, although it is as a rule greater in Denmark than in Sweden and Norway.

The present system for the distribution of labour in Denmark is regulated by an Act of April 29th 1913 which came into operation on the 1st of the following July. This Act empowered the municipal authorities to establish Employment Offices under the control of a Central Employment Office to be set up in Copenhagen. The services of these Offices are free, and they are subsidized by the State to the extent of one-third of their total expenses. They have to pay half the travelling-expenses of persons who are assigned employment at a distance from their homes. The Employment Offices often work in connection with the unemployment-insurance

* *Ibid*, 1921, p. 959.

UNEMPLOYMENT

organizations, some of which have set up similar offices of their own.

By far the largest number of workmen find employment through the trade-unions, and the peculiar thing is that the trade-unions exercise a certain control over the activity of the public Employment Offices. For instance, they are very careful to see that workmen of one trade are not employed in another. A workman who accepts employment in a trade other than his own always runs the risk of being boycotted by his trade-union. This trade-union control has proved very inconvenient, particularly during the present period of wide-spread unemployment, and it is largely responsible for the high percentage of unemployment among the organized workers, who are not allowed to accept work in trades where the demand for labour is greatest, but have to wait for a doubtful opportunity of finding employment in their own trade.

As early as 1885 the Social Democrats, Holm and Hørdum, brought forward a proposal in the Diet that the State should grant relief in times of wide-spread unemployment, such relief not to be regarded as poor-law relief. The proposal was rejected by both the Conservative and Liberal Parties, and the former Party proposed instead that public works should be organized for the unemployed, and that loans should be taken up by the Municipalities for this purpose. This attitude of a Conservative Party so early as 1885 undoubtedly calls for special attention. However, the Social Democrats took up the idea of starting relief-works subsidized by the State and organized by the trade-unions, and proposed in 1896 that the Diet should appropriate a sum of 500,000 crowns for this purpose. This proposal was opposed relentlessly by the Conservative majority, and was rejected; the same thing happened when it was renewed under the Liberal régime in 1901.

In 1902 a Committee was appointed to inquire into the question of general sickness- and old-age pensioning. At the proposal of the Social Democrats it was decided that the Committee should also inquire into the question of unemployment-insurance.* The report on this question was issued in 1906, and the Government prepared a Bill, on the lines recommended by the Committee, which was passed into law on April 9th 1907. This law, amended by an Act of April 8th 1914, provided that the recognized Unemployment Societies should be subsidized. The following regulations were made for such Societies:

No member of an Unemployment Society can receive benefit until he has contributed regularly to its funds for one year. The

* *Rasmussen, Haandbog for Socialdemokratiet vedrørende Politiske Sagers Behandling*, Horsens 1913, p. 125 seq.

LABOUR POLICY

Society may decide the kind and the amount of the benefit to be accorded, on the following conditions :

(1) That the daily allowance per head per day is at least 50 oere and not more than 2 crowns ; (2) that it does not exceed two-thirds of the average wage prevailing in the trade and locality of the relieved person ; (3) that benefit is paid for at least 70 days to workers who are unemployed for so long a time ; (4) that a member who has received the maximum-benefit for three successive years shall be suspended from receiving further benefit for one year during which he shall pay full contributions ; (5) that no benefit shall be paid for the first six days (in seasonal trades at certain seasons, fifteen days) of unemployment, except with the consent of the Minister of the Interior ; (6) that relief shall not be granted in respect of unemployment due to a strike or lockout, or to incapacity or illness ; nor to any member leaving his work for insufficient reasons, or whilst undergoing imprisonment, or receiving poor-law relief, or while on military service, or when refusing suitable work offered him.

It may be noticed that membership of a trade-union as a rule involves membership of an Unemployment Society. The membership of such Societies is limited for the most part to one or a few trades, and in some cases to a certain locality.

The recognized Unemployment Societies are entitled to State-subsidies to the extent of one-third of the total premiums, but no Society can receive more than 250,000 crowns as an annual contribution from the State. The Act of 1907 did not fix the extent of municipal contributions but, on the initiative of the Social Democrats, a section was inserted in the Act of 1914 which fixed the contribution to be paid by the Municipality at one-sixth of the total premiums of the funds. The total amount of subsidies granted by the State and the Municipalities was £72,482 for the financial year ending March 1913.*

The whole system of unemployment-insurance is placed under the supervision of the Inspector of Unemployment.† The Inspector is also the chairman of the Central Assembly of the Unemployment Societies. The object of this Assembly is to deal with the working of the Unemployment Societies and the co-operation between them. It also has to elect the members of an Unemployment Insurance Committee which issues rules for the joint-administration of the funds.

The unemployment-insurance system has been subjected to much criticism from the employers. It has been objected that the high unemployment-benefit tends to create unemployment and also that

* League of Nations, *Report on Unemployment*, London 1919, p. 90.

† It may be noticed as a peculiarity that the present inspector is a woman.

UNEMPLOYMENT

the trade-unions use their recognized unemployment-funds in order to promote or finance strikes. As to the first objection, there is no doubt that the high rates of unemployment-benefit are partly responsible for the steady increase in unemployment; as to the second objection, the National Confederation has admitted that misuse of the unemployment-funds sometimes occurred, although on comparatively few occasions.*

In the early days of the War there was a slight increase in unemployment due to the unsettled industrial conditions. But, when the need for food-stuffs began to be felt, unemployment gradually decreased. Moreover, the shortage of manufactured goods, which were usually imported from the great industrial countries, made it necessary for Danish industry to produce such goods to supply the home-demand. It was not until 1918 that the figures of unemployment began to rise, and this took place several months before the Armistice. The reason was that the reduced import of raw materials and of agricultural machinery hampered Danish production to a large extent. The removal in 1919 of the difficulties with regard to import bettered the situation, so that the percentage of the unemployed was down to 13.2 on January 30th 1920, while the corresponding figure for the whole of 1918 was 17.4. However, the general trade-depression which set in during the following months caused a rapid increase in the figures of unemployment; at the end of February 1921 the percentage was 23.2, and at the end of February, 1922, it was up to 33.1†. Since then the situation has begun to improve.

In consequence of the increased cost of living, which began to be felt in 1917, the Government found it necessary to ask the Diet for additional grants to allow of an increase in the rates of unemployment-relief proportionate to the increased cost of living. On October 27th of that year a temporary Act was passed, to remain in force until the end of November 1918. This Act made provisions for additional relief to members of recognized Unemployment Societies. The provision of the Act of 1914 that benefit should not be granted to persons who had not contributed to an unemployment-fund for at least one year was suspended temporarily. The State-grant to the Unemployment Societies therefore became more or less an unemployment-donation. On December 1st 1918 a new Act came into operation; it fixed the time during which contributions had to be paid before relief could be granted at two to six months. This Act provided also that all employers to whom a workman had been sent

* *Report of the 9th Inter-Scandinavian Labour Congress*, p. 8.

† *The Labour Gazette*, 1921, pp. 89 and 200; and *Ibid*, 1922, p. 236. *Vide* also Department of Overseas Trade, *Report on the Post War Economic and Industrial Situation of Denmark*, London 1920. Cd. 955, p. 31.

LABOUR POLICY

by an Employment Office or Unemployment Society, or who had taken into their employment a workman who was a member of such a Society, had to give immediate notice of the fact to the Employment Office or the Society. Another provision which was also calculated to prevent the misuse of unemployment-relief was that, so soon as there were a collective refusal to work, the workers concerned should be excluded from unemployment-benefit and their employers cease to be supplied with workers through the Unemployment Offices until it became clear whether a trade-dispute were in progress or not. The same Act fixed rules for additional unemployment-pay and for grants in aid of rent.

A new system of unemployment-insurance was introduced by the Act of January 5th 1920. The provisions of this Act are mainly as follows: The State grants to each recognized Unemployment Society an annual subsidy equal to half the sum paid in contributions by the members of the Society. The municipality in which the Society is situated may also assist with a sum equal to one-third of the members' contributions. Relief paid in support of an unemployed workman must not exceed two-thirds of the average wages prevailing in his particular trade and district, or 4 crowns a day for heads of families and 3 crowns a day for other members.* The minimum-relief is 1 crown a day. Apart from these alterations the main regulations of the Acts of 1914 and 1918 remain in force.

The total expenditure of the Danish Unemployment Societies in 1919 has been estimated at nearly 11 million crowns† and their total membership at 313,000.‡

By an Act of December 17th 1920 the Government was authorized to refund the municipalities to the extent of three-fifths of their contributions to the Unemployment Societies, and also to guarantee loans to the Municipalities up to a total amount of 70 million crowns for the purpose of starting public relief-works for the unemployed.

The present system of unemployment-insurance, Employment Exchanges, and relief-works is regulated by an Act of December 1921 which came into operation on January 1st 1922. The whole system is placed under the authority of a single official, the Director of Labour. An unemployed worker who refuses work offered him through the agency of an Employment Office on the sole ground that the wages for such work are lower than those he has earned before—but not lower than those usually paid in the industry

* By an administrative regulation of December 31st 1920 the minimum-benefit for unemployed persons with dependents living in Copenhagen was raised to 35 crowns a week.

† Cd. 955, 1920, p. 33.

‡ *Sociala Meddelanden*, Stockholm 1921, p. 135.

UNEMPLOYMENT

or district concerned—shall not be granted unemployment benefit. Moreover the Act makes provision for the establishment of an emergency-fund to enable the organization of relief-works during times of exceptional unemployment. The Diet shall decide when a state of exceptional unemployment exists. The fund shall be administered by the Works Board of the Ministry of the Interior. The leading principles of the Act may be summarized as follows :

- (1) The greatest possible number of unemployed workers shall be found employment, first of all in private enterprise, secondly in relief-works.
- (2) Wages paid in relief works shall be higher than unemployment-benefit, so that it will be of advantage to the workers to accept such employment.
- (3) Wages paid in relief-works shall be lower than wages in private enterprise, in order to induce the workers to try to find employment in the latter.

The passing of the Act has raised a storm of opposition among the trade-unions, which object strongly to combining the system of unemployment-insurance with that of relief-works. Moreover, in their opinion the new system is calculated to facilitate wage-reductions, thereby assisting the employers against the workers. Finally they demand that wages paid in relief-works shall be equal to the standard trade-union wages.

However, there is no doubt that the Danish system deals very effectively with the problem of unemployment. The Diet has learnt by experience that unemployment-doles, unless granted in moderation, tend to create instead of to reduce unemployment, and the new Act is an earnest effort not only to prevent distress among the workers, but also to re-establish the industrial system of the country on a firm footing.

6—GREAT BRITAIN

IN Great Britain the policy pursued by organized Labour with regard to unemployment during the early years of the present century, aimed chiefly at the two following reforms:—(1) To prevent the employment of foreign labour in England at wages lower than those generally prevailing in the country. (2) To organize public works for unemployed workmen.

From the outset this policy did not meet with much success. Mr. Balfour's Government was not at all disposed to concede the demands of Labour, but adopted a definite policy of its own with regard to unemployment. Its attitude on the question of the

LABOUR POLICY

employment of aliens is particularly interesting. In 1905 the Government introduced a Bill* to prevent destitute, criminal, and diseased aliens from immigrating to the British Islands—not, as Labour demanded, to restrict the general immigration of alien workmen.

The Bill was opposed strongly by the working-classes and their leaders, not because of the provisions of the Bill, which were not at all objectionable from the Labour point of view, but because the measure was introduced as a panacea for unemployment, and gave the impression of meeting the demands of Labour in this respect.

At a special Conference on Unemployment, convened by the Labour Representation Committee in connection with its annual Congress of 1905, Mr. Keir Hardie expressed the opinion that the Aliens Bill introduced by the Government would do nothing to prevent unemployment. "If it was true," he said, "that the immigration of aliens was causing unemployment, it was not the destitute, criminal and diseased aliens who were responsible for it, but the capable, skilled and able-bodied aliens, who came to England to displace the British workmen; it was these aliens who were objectionable from the Labour point of view."† In a Memorandum to the Conference the Labour Representation Committee had also pointed out that the problem concerning aliens which was dealt with in the Government Bill was one of Public Health much more than one of Labour.‡ The Conference carried a resolution declaring that proposals like the Aliens Bill were misleading and calculated to divert attention from the real causes of unemployment, namely the existence of monopoly and of the burdens which the non-producing sections of society imposed on the industrial classes, together with a lack of such an organization of industry as would prevent alternating periods of overwork and unemployment. Further, the Conference declared that no Aliens Bill could be of any use to the workers unless it prohibited workmen who belonged to other countries coming to England to work at wages lower than those obtained by the British workers. In the debate on the Bill in the House of Commons on July 5th 1905 Mr. Shackleton argued that "it was a great mistake to think that the country wanted this Bill. When a measure was being pressed forward by the Government at the desire of the people, it was usual to find a number of deputations from the people interested, but in this case no organization of workmen had so far expressed an opinion in

* *Public Bills* 1905, No. 187.

† *Report of the Conference*, p. 61.

‡ As regards the industrial situation and the main causes of unemployment in Great Britain *vide* pp. 156 *seq.*

UNEMPLOYMENT

favour of the measure. In fact, all the evidence went to show that the workmen of the country were against it."*

In spite of Labour opposition Parliament passed the Government Bill by a large majority, and the Aliens Act† came into operation on January 1st, 1906. It was only during and after the War that immigration of able-bodied foreign workers was seriously restricted, with the avowed object of preventing such workers from taking the employment vacated by British subjects. The entry of alien workers was prohibited also in cases where labour of the same kind could be supplied in the United Kingdom.‡

In 1902 an Act§ was passed which authorized the establishment of Labour Bureaux in London. The Labour Bureau according to the meaning of the Act was an office or place used for the purpose of supplying information (either by the keeping of registers or otherwise) respecting employers who desired to engage workpeople, and workpeople who sought employment. This Act declared it to be lawful for the Council of any London Borough to establish such a Labour Bureau, the expenses of which were to be borne by the general rates. This Act would certainly have been much more valuable than it actually was if the Borough Councils had been compelled, and not merely permitted, to establish the Bureaux. As it was, only a few Councils took the trouble to do this. Previous to this Act several Municipalities had set up Labour Exchanges; but these experiments for the most part had been unsuccessful, either because they were hampered by bad regulations, or because they were started in times of depression or to meet an emergency so that they were overwhelmed by applicants before they were organized properly and able to deal with them. It was not until 1909 that the question of the distribution of Labour in order to prevent unemployment was dealt with in a more rational way.

In 1905 the Government introduced the Unemployed Workmen Bill which was to be given an experimental run of three years. This Bill provided for the establishment of Distress Committees in every Metropolitan Borough and in every Municipal Borough and Urban District outside London with a population of not less than fifty thousand. Furthermore, a central body for the whole of the administrative County of London, was to be formed, and if the Local Government Board thought it expedient they might also establish central bodies in other counties. The duties of the Distress Committees were to inquire into the cases of applicants for employ-

* *Parliamentary Debates* 1905, Vol. 148. Col. 1,205.

† 5 Edward VII, ch. 13.

‡ League of Nations, *Report on Unemployment*, London 1919. pp. 74-5.

§ Labour Bureaux (London) Act, 2 Edward VII, ch. 13.

LABOUR POLICY

ment, and to endeavour to obtain employment for them, but they had no power to provide, or contribute towards the provision of, work for any unemployed person. The central bodies should supervise the local ones, and establish, take over, or assist Labour Exchanges and Employment Registers. These bodies were empowered to assist the persons referred to them by the Distress Committees, either by aiding them to emigrate or by providing them with temporary work in whatever way they considered most likely to put them in a position to obtain regular work.* The expenses should be defrayed out of funds raised in part voluntarily and in part by compulsory contributions. Finally, there should be kept a national register of the unemployed, although registration by the unemployed should not be compulsory.

Undoubtedly this Bill made a good advance towards the solution of the question of the Unemployed, but the opinion of Labour, peculiarly enough, was almost entirely against it. Some reasons for this opposition were given by the President of the Trade Union Congress of 1905†, "From a purely organized Labour point of view," he said, "with its limited representative power, the Bill is a source of danger in more ways than one. First by a national register of the unemployed, it gives the employer an opportunity to point to the over abundance of labour on the market as an excuse for cutting down wages; and, second, it puts it in the power of the employer, who will largely have the control of the machinery under local authorities, to use that machinery as blackleg recruiting depots in times of dispute. The Government Bill robbed, as it is, of every vestige of usefulness at first suggested by the combined Labour movement, is rotten to the core."

The Special Conference on Unemployment in 1905 had demanded that unemployment should be abolished by the organization of public works, where workmen who could not find employment in private industrial undertakings should be employed by the community and paid according to the standard trade-union wages prevailing in the trade to which the public work belonged.‡

In order to press for the inclusion of such provisions in the Unemployment Bill a Labour deputation was sent to the Prime Minister. Mr. Balfour, however, declined to concede these demands, saying that the suggestions of the deputation would seriously interfere with private enterprise, and were therefore mischievous and could

* The Local Government Board had the power to instruct a central body to establish farm-colonies. Of the colonies thus established that in Hollesley Bay was one of the most important. The net cost of this enterprise per year was £22,000. *Report of the Trade Union Congress, 1903, p. 81.*

† *Report of the Congress, p. 49.*

‡ *Report of the Conference, pp. 61 seq.*

UNEMPLOYMENT

not be entertained. The Labour men were incensed, and accused Mr. Balfour of putting the interests of the employers before those of the working-classes. For this reason the Government Bill had to be opposed even though it contained certain provisions which were favourable to Labour.

During a debate on the Bill in August 1905 Mr. Lloyd George said that the very high hopes raised by the Bill would never be realized : having gone through it he was amazed to find that so much fuss had been made about a Bill which would do very little good, except that it recognized a very important principle—a principle which he should have thought the Government supporters would have been the last to recognize : “it recognized the right of a man to call upon the State to provide him with work, to which the State replied by recognizing the right but refusing to provide the work.”* Mr. Balfour answered that the so-called principle of giving work to all deserving persons in the State who applied for it was not the principle of the Bill, and, in his opinion, any attempt to put such a principle into practice would be fraught with the greatest possible danger.†

Obviously, the most important principle recognized by the Bill was that unemployment should not, as before, come under the Poor Law ; a sharp distinction between unemployment-relief and the relief of pauperism was established. The Bill provided for measures which aimed at preventing the unemployed from sinking into a state of pauperism. This purpose should be accomplished chiefly by a better system of distributing labour, but also by emigration and the provision of temporary work. However, it was left to the central bodies to decide, firstly, whether the unemployed should get such work, and, secondly, what sort of temporary work they ought to have in order to obtain regular work more easily. The Bill did not provide for the establishment of public works for the unemployed, except as regarded farm-colonies. It recognized the principle that the State should provide work, but, as Mr. Lloyd George said, it did not take any steps to provide it. During the preparation of the Bill the Parliamentary Committee of the Trade Union Congress, had been unceasing in its efforts to arrive at a final solution of the problem of unemployment. Its failure was due chiefly to the uncompromising attitude of the Prime Minister. On some minor points, however, where he found the Committee's demands reasonable, he gave way. From a constitutional point of view it is very interesting to notice how the fight over the Unemployed Workmen Bill was fought to a great extent

* *Parliamentary Debates* 1905, Vol. 151, col. 432.

† *Ibid.*, col. 434.

LABOUR POLICY

outside Parliament, at private meetings between the Prime Minister and deputations from the Parliamentary Committee of the Trade Union Congress.

From the outset these meetings, which were non-official, were intended to facilitate co-operation between the Government and Labour in the preparation of the Bill. This was pointed out particularly by the Prime Minister, and no shorthand records of the proceedings were permitted. But, when the Labour delegates perceived that they stood little chance of gaining the more important of their demands, they began to publish records from the discussions in order to get the support of public opinion. From that moment the character of the meetings was changed, and an open fight was started between the Government and Labour.

In the end, however, the Government Bill was carried by Parliament although the Labour Members and several Liberals voted against it. The Act, which came into operation on August 11th 1905, was a temporary measure, to continue in force for three years.* The Unemployed Workmen Act has been continued by the Expiring Laws Continuance Acts, and is still in force.

In July 1907 the Labour Party brought forward a Bill† to provide work through public authorities for unemployed persons. Amongst other things this Bill made the organization of relief-work compulsory. Thus the Bill stipulated that, where a workman had registered himself as unemployed, it should be the duty of the local employment authority to provide work for him in connection with one or other of the schemes set up by the Bill. The local authorities, however, should be released from this duty in respect of a workman who refused to accept reasonable work under these schemes, or employment upon conditions not inferior to the standard working-conditions prevailing in the locality.

Mr. P. W. Wilson, who moved the second reading of the Bill, argued that it was intended to correct the mistake of the Unemployed Workmen Act which, though it recognized the right of the unemployed to call upon the State to provide work, failed to make any provisions for such work. The Chancellor of the Exchequer answered that the Government, after considering the Poor Law Commission's report, was earnestly desirous of devising some practical means for dealing with the question of the State-provision of work for the unemployed. But he asked the House not to recognize the duty of the State to provide work until the result of the Commission's inquiry was known.

The Labour Party Bill was rejected by 265 votes to 116, and the

* 5 Edward VII, ch. 18.

† *Public Bills* 1907, No. 273.

UNEMPLOYMENT

following resolution was carried : " That this House, while ready to consider any practical proposal for dealing with the evil of unemployment, cannot entertain a measure which, by wasting the resources of the nation, would throw out of work more persons than it could assist, and would destroy the power of organized Labour, but hopes that the Government will give immediate consideration to the recommendations as to the unemployed in the fourth coming report of the Poor Law Commission."*

One side of the unemployment-problem—the creation of work for the unemployed—was thus dead in Parliament for the time-being, and the interest of the House of Commons became concentrated upon the other side of the problem—the distribution of labour and employment.

In the autumn of 1908 it came to the knowledge of the Parliamentary Committee of the Trade Union Congress that the Government was going to introduce a Bill providing for the establishment of Labour Exchanges. A deputation of Trade Unionists, therefore, was sent over to Germany in order to study the systems of Labour Exchanges in Berlin, Frankfort-on-Main, Leipzig, and Dresden. On the return of this deputation a Special Conference was summoned to consider the question. The following resolution was passed unanimously by the Conference : " That this Conference of Trade Unionists, representing 1,400,000 members, approves the establishment of Labour Exchanges on a national basis, under the control of the Board of Trade, provided the management boards contain an equal proportion of employers and representatives from trade-unions."

On May 20th 1909 the President of the Board of Trade, Mr. Churchill, introduced the Labour Exchanges Bill.† On the previous day he seized the opportunity of explaining the Bill during the discussion upon the following resolution moved by Mr. Pickersgill : " That in the opinion of this House, it is urgently necessary to take steps for the decasualization of casual labour and for the absorption of surplus labour thereby thrown out of employment, also to regularize the demand for labour, to develop trade-union insurance against the risks of unemployment, and to establish training colonies and detention colonies."‡ After Mr. Churchill's speech the mover of this motion declared that it would be ungracious on his part to

* *Report of Trade Union Congress, 1908*, pp. 67-69. .

† *Public Bills 1907*, No. 207.

‡ *Parliamentary Debates 1909*, Vol. V, Col. 484. The object of this motion was to call attention to the recommendations contained in the Minority Report of the Royal Commission on the Poor Laws so far as they affected unemployment.

LABOUR POLICY

persist in his motion, and asked that it should be withdrawn ; this was done.

Mr. Churchill declared that before a system of unemployment-insurance could be established it was necessary to get the apparatus of Labour Exchanges into working order, and that there was high authority for such a measure. The Majority and Minority Reports of the Poor Law Commission, which differed in so much, agreed unanimously in advocating a system of Labour Exchanges as the first step which should be taken in coping with the problem of poverty and unemployment. And, further, Mr. Churchill pointed out the above-mentioned resolution of the Special Trade Union Conference. "Labour Exchanges," he said, "will increase the mobility of labour, but to increase the mobility of labour is not to increase the movement of labour. It is a wrong method," he further argued, "that labour should hawk about from place to place, and treat a job as if it were a favour. This is a demoralizing method with which the Labour Exchanges will do away. They will not increase the volume of employment, but they will reduce the friction in the working of the existing economic and industrial system, and thereby the general standard of economic life is bound to rise."*

The Labour Exchanges Bill contained provisions for the voluntary establishment of Labour Exchanges. The Board of Trade was given power to establish and maintain Labour Exchanges in such places as it thought fit, and to collect and furnish information as to employers requiring workpeople and labourers seeking employment.† No person should be prejudiced in any way because he had refused to accept employment found for him through a Labour Exchange, when the ground for refusal was that a trade-dispute was going on, or that the wages offered were lower than those current in the trade in the district where the employment was offered. False statement to any officer of a Labour Exchange, for the purpose of obtaining employment or for procuring workpeople, should be punishable by a fine. The Board of Trade might make general regulations with respect to the management of Labour Exchanges. Any such regulations should be laid before both Houses of Parliament, and, if either House within the next forty days resolved that any of the regulations should be annulled, such regulations should have no effect after the date of the resolution. The Act was passed in September 1909.‡

According to the General Manager of the Labour Exchanges in

* *Parliamentary Debates* 1909, Vol. V, Col. 499.

† The right to establish Labour Exchanges without the sanction of the Board of Trade was taken away from the Distress Committees.

‡ 9 Edward VII., ch. 7.

UNEMPLOYMENT

1911 the advantage of the system established by the Act was first of all that it was "national, industrial (not eleemosynary), free, voluntary and impartial."* Most important, perhaps, was it that the system was made national in its scope. As already pointed out the system of Labour Exchanges established by the Unemployed Workmen Act was far from being efficient, because there was no co-operation between the system in London and the Labour Exchanges established in other parts of the country. Neither was there any co-operation between the latter. It was intended that these drawbacks should be remedied by the new Act.

The regulations issued by the Board of Trade in January 1910 made provisions for, (1) registration of applicants for employment, (2) special arrangements for information about trade-disputes, (3) freeing Labour Exchanges from responsibility with regard to wages and from any other duties besides that of providing information, (4) advance of travelling-expenses to certain specified applicants (5), employment outside the British Isles, (6) establishment of advisory Trade Committees to assist the Board of Trade with regard to matters referred to by, or in connection with, the management of Labour Exchanges, (7) grant of accommodation on the premises of a Labour Exchange; and, finally, special provisions were made (8) with regard to applicants under the age of 17.†

These regulations were issued by the Board of Trade after repeated negotiations between the President of the Board of Trade and the Joint Board.‡

In the beginning, at least, the new system of Labour Exchanges was the subject of a certain amount of misunderstanding. This, indeed, would not have arisen if the employers and workmen respectively had studied Mr. Churchill's above-mentioned speech, with which the Labour Exchanges Bill was introduced. Thus the opinion seems to have prevailed among the working-classes that employment could be created by the Labour Exchanges. But, as Mr. Churchill particularly stated, the Labour Exchanges could not be expected to increase the volume of employment. Their principal object was to avoid friction in the industrial system. There was also a tendency to regard the Labour Exchanges as, in some sort, charitable institutions by which the employers (as they thought) would be deprived of their free choice of labour, and to which the good workmen considered it beneath their dignity to apply. This opinion, however, gradually disappeared as the advantages of the

* National Conference on the Prevention of Destitution, *Papers and Proceedings*, London 1911, p. 397. Quoted by F. C. Mills, *Contemporary Theories of Unemployment*, New York 1917.

† *Statutory Rules and Orders*, 1910, No. 800.

‡ *Ibid* p. 216.

LABOUR POLICY

new system became known more generally. As has been pointed out by Sir William Beveridge,* one of the greatest advantages of the Labour Exchanges was the registration of the unemployed, and many employers who appreciated this exhibited the following notice at the entrance to their works: "Applicants for employment in these works should apply to the Labour Exchange at . . ." Experience had shown that once an applicant for work had been refused or dismissed by an employer he could not be traced; whereas, if he had registered at a Labour Exchange, the employer, when he had suitable work for him, would know where to find him.

The employers, by adopting the above-mentioned device, got over this difficulty and added to the usefulness and prestige of the Exchanges.

A complete network of Labour Exchanges, or Employment Exchanges as they are now called, has been established throughout the country. It may be noticed that, besides their function of placing workers, they have been entrusted also with the local administration of unemployment-insurance and with the temporary schemes of out-of-work donation. Besides the public Employment Exchanges there are also in existence a large number of private registries devoted chiefly to the placing of domestic servants.

A system of Local Employment Committees was established in 1917 in order to bring the Employment Exchanges into touch with employers and workers within their respective districts. These Committees are composed of an equal number of employers' and workers' representatives, and their function is to deal with any matter that may arise in connection with the working of the Employment Exchanges in their respective districts.

In 1905 the Royal Commission on the Poor Law was appointed, and its report was issued in 1909. The Commission also inquired into the unemployment-problem and criticized the Unemployed Workmen Act.†

Mr. Balfour was called before the Commission and stated that the Act was intended to deal only with the *élite* of the unemployed, i.e. the respectable workmen settled in a locality and accustomed to regular work but out of employment temporarily through circumstances beyond their control.‡ The Act prescribed the following qualifications for obtaining assistance:

1. That the applicant for assistance had resided in the district for not less than 12 months immediately before the application.

* *Unemployment, a Problem of Industry*, London 1909, p. 303.

† *Report of the Royal Commission on the Poor Law*, 1909, cd. 4,499, pp. 383, *seq.*

‡ This way of dealing with the problem of unemployment was inaugurated by Mr. Chamberlain's Circular of 1886.

UNEMPLOYMENT

2. That the applicant was honestly desirous of obtaining work.
3. That his temporary unemployment was due to causes over which he had no control.
4. That his case was capable of more suitable treatment under the Act than under the Poor Law.

The Poor Law Commission, however, showed by statistics that by far the greater part of the applicants for assistance under the Act were casual labourers in a more or less chronic state of destitution. One of the most important objections raised by the Commission, therefore, was that the Act assumed that the chief problem of unemployment was furnished by the capable workmen, as distinct from the incapable, while in reality the bulk of those seeking benefit under the Act belonged to this latter category. The Commission pointed out the danger of repeating indirectly the disastrous relief-experiments made in respect of able-bodied wage-earners in the beginning of the last century. The Commission emphasized in conclusion the fact that, if the working-classes were to retain their independence and their industrial efficiency, it was essential that all encouragement of casual labour and the subsidization of the wages of casual labourers out of public funds should cease as soon as possible. The Commission recommended, therefore, that the Unemployed Workmen Act should not be continued.*

The Minority of the Commission, represented by Mrs. Webb, Messrs. Wakefield, Chandler, and Lansbury, were of another opinion.† As representing the point of view of Labour with regard to the Unemployed Workmen Act, the Minority Report is highly interesting. It may be remembered that the Parliamentary Labour Party and the Trade Union Congress were, in 1905, strongly opposed to the Act, but in 1909 the situation was so different that Labour was not merely favourably disposed towards the Act, but undertook its defence and demanded its continuance.

The Minority Report declared that any attempt, by a repeal of the Unemployed Workmen Act, to force back under the Poor Law those sections of the able-bodied which were relieved by this Act, would be disastrous socially and impracticable politically. One point upon which the Minority laid particular stress was that some provisions of the Act had not been put into operation adequately. Thus, for instance, the farm-colonies provided for by the Act had been considered by the Local Government Board merely as a means of affording temporary relief, and not, as intended by the Act, as a means of training for future self-support. Further, the provision concerning the organization of a complete network of Labour

* Cd. 4,499, 1909, pp. 394-395.

† *Ibid* pp. 1,231-1,238.

LABOUR POLICY

Exchanges had not been carried out properly. As a matter of fact the system of Labour Exchanges in London was not organized in any close connection with the Labour Exchanges established in other parts of the country, and therefore co-operation for the distribution of Labour all over the country was impossible. The opinion of the Minority, however, was that, notwithstanding the failure to put the Unemployed Workmen Act in operation in the way the framers of the Act intended, and notwithstanding the manifold shortcomings of the Act itself, it should be continued in force until a more adequate scheme for dealing with the problem of unemployment had been placed upon the Statute Book. Such a scheme was outlined in the Report. Its main feature was that the duty of organizing the national labour market in such a way as to prevent or to minimize unemployment should be undertaken by a Minister of Labour, who should be responsible to Parliament.

There is one instance in the organization set up by the Unemployed Workmen Act which from the point of principle deserves particular notice. The Minority Report observed that work, at the wages which were given to the unemployed by local authorities for a few days or weeks at a time, actually tended to promote what was called under-employment,* and encouraged employers and employed to acquiesce in intermittent employment and casual jobs, instead of favouring regular work at definite weekly wages. This observation is remarkable in so far as it is based upon actual facts, especially with regard to the Statutory Rules given, in accordance with the regulations of the Unemployed Workmen Act, as to the assistance of unemployed persons by temporary work. As already mentioned, the Act prescribed that the central bodies had power to provide the unemployed with temporary work in such manner as they considered most likely to put them in a position to obtain regular work. The Statutory Rules made the following provisions :†

1. That any temporary work provided by the central bodies should afford continuous occupation for the person employed, with such absence only as might be needed to facilitate his search for regular work.
2. As a rule temporary work should not be provided for any person for a period of more than 16 weeks, nor be given in more than two successive periods of 12 months.
3. The total remuneration for any given period should be less than that which, under ordinary circumstances, would be earned

* By under-employed, the Report meant a person who was in a continuous state of partial destitution owing to his chronic failure to get a full week's work and pay.

† *Statutory Rules and Orders*, No. 1,071, 1905, pp. 1,378, *seq.*

UNEMPLOYMENT

by an unskilled labourer for continuous work during the same period.

Obviously the lack in continuity which is bound to exist in casual work was to a certain extent prevented by the two first regulations. In this way the Statutory Rules were directed against under-employment. But the third point undoubtedly promoted under-employment, since it was impossible for a workman, particularly if skilled, to receive anything like a full week's pay in the above-mentioned temporary work, and consequently this rule forced him down to a state of destitution.

The condition of the unemployed, however, was considerably ameliorated by the National Insurance Act which provided for insurance against sickness and unemployment in certain trades. The Act, which was passed in December 1911, came into operation on July 15th 1912, and the payment of benefits under the Act began on January 15th 1913.* Part II of the Act, which dealt with unemployment-insurance, is of particular interest for our present study.

The Act applied to workmen of the following trades : (1) Building, (2) Construction of Works, (3) Ship-building, (4) Mechanical engineering, (5) Iron-founding, (6) Construction of vehicles, (7) Saw-milling. These trades were considered to be seasonal trades and were called "insured trades." Further, the provisions of the Act applied only to a workman who could prove, (1) that he had been employed in any of the above trades during each of not less than 26 separate calendar weeks in the preceding five years,† (2) that since the date of his application for unemployment-benefit he had been continuously unemployed, (3) that he was capable of work but unable to obtain suitable employment. A workman should not however be deemed to have failed to fulfil these statutory conditions because he had declined, (1) an offer of employment in a situation vacant in consequence of a trade-dispute, (2) an offer of employment in his district at a wage lower than the wages he obtained habitually, (3) an offer of employment in any other district at a wage lower than that generally prevalent in the district.

Every workman who fulfilled the above conditions should be entitled to receive payments under the Act. The sums required for the payment of such benefit should be derived partly from contributions by the workmen themselves, partly from contributions from the employers, and partly from moneys provided by the State.

* 1 and 2 George V., ch. 55.

† This section was amended in 1914. Instead of fulfilling the above-mentioned condition the workmen must prove that he has paid not less than 10 contributions. 4 and 5 George V., ch. 57.

LABOUR POLICY

These contributions were compulsory. Every workman had to pay 2½d. for each period of employment for a week or less, and his employer had to contribute an equivalent sum. The State contributed to the unemployment-fund an amount equal to one-third of the total contributions from workmen and employers, and was responsible in the first instance for the cost of administration of the unemployment-insurance system; 10 per cent. of the income from the unemployment-fund, however, would be paid over in aid of the administrative expenditure. The administration of the scheme was placed principally under the Labour Exchanges. No benefit would be paid for the first week of any period of unemployment. Thereafter benefit could be drawn at the rate of 7s. a week by workmen employed in engineering, ship-building, and the construction of vehicles, and 6s. a week by workmen in the other insured trades, up to a maximum-period in each case of 15 weeks in any 12 months. Furthermore, voluntary unemployment-insurance was provided for and encouraged in, (1) the above-mentioned insured trades, (2) other trades.

In the first case any association which provided for unemployment-insurance in the insured trades, and which was composed substantially of workmen, could make arrangements with the Board of Trade by which contributions due from any of its members to the unemployment-fund under the Act concerned should be repaid to the association from the unemployment-fund as part of the subscriptions payable by those members to the association. In order to encourage the payment of benefits beyond the statutory minimum the Act prescribed that such repayments should not exceed three-fourths of the amount of the payments by the association to those of its members who were unemployed. The individual members of the association should be subject to the rules of this body only.*

As to the second case, the Board of Trade, with the consent of the Treasury, might repay, out of moneys provided by Parliament, to any association of persons which did not trade for profit and which had as one of its objects the insurance of unemployed workmen, an amount not exceeding one-sixth of the sum expended by the association for the above purpose. From this sum should be deducted eventual repayments under case (1). No repayments should in this case, (2), take place for benefits paid by the association to any unemployed workman in respect of any amount exceeding 12s. a week.†

* This section was amended by the Amendment Act of 1914 which provided that the Board of Trade should make no arrangement with an association unless it paid its members an unemployment-benefit which was at least one-third greater than the statutory benefit.

† This last provision was repealed in 1914.

UNEMPLOYMENT

In order to avoid the actual creation or aggravation of unemployment by the system of unemployment-benefit, the Act had placed the system under the Labour Exchanges which would be able to maintain an effective control over the workmen and stop the payment of benefits directly suitable work was found. A casual labourer had to make a comparatively higher contribution than a regular workman, as his 2½d. had to be paid for a period of less than a week in duration. Another important stipulation was that, if, in the event of trade-depression, the employers instead of dismissing some men adopted short-time without reducing the wages, both their own contributions to the unemployment fund and those of their workmen should cease entirely. Several other provisions were made for the encouragement of regular and continuous employment.

The main principles with regard to unemployment laid down by the National Insurance Act of 1911 may be summarized as follows :*

1. Compulsory insurance in those trades which are most subject to seasonal and cyclical fluctuations.
2. Contributions to this insurance to be made by the workmen, their employers, and the State.
3. Encouragement of voluntary unemployment-insurance.
4. Provisions against the creation of unemployment and for the encouragement of regular and continuous work.
5. The Board of Trade had the power, with the consent of the Treasury, to extend by special order the provisions of the Act with regard to compulsory insurance to trades other than those enumerated in the Act.
6. A workman might receive benefit even though he had a subsidiary employment on the condition that his income from this employment did not exceed 15s. a week.

On the second reading of the Insurance Bill in 1911 Mr. Barnes, on behalf of the Labour Party, welcomed the Bill "as marking a distinct step forward on the part of the community and as a recognition of its duty towards the poorest and weakest among us." He objected to such terms as "habitually earned wages" and "current wages in the district" as being too vague, and wished to substitute for them the term "standard wage."†

Another objection on the part of the working-classes to the system established by the above Act and the subsequent Statutory Rules was that the Labour Exchanges acquired too much power, which they exercised by adopting "inquisitorial methods." For instance, information was required as to a man's age, appearance,

* *Vide* D. Lloyd George, *The People's Insurance*, London 1912, pp. 57-63.

† *Parliamentary Debates* 1911, Vol. 26. Col. 312-313.

LABOUR POLICY

and former employment ; and the system of getting a character-note from the last employer or foreman was considered "detestable."* The Trade Union Congress of 1913 carried a resolution which demanded that, so far as members of trade-unions were concerned, the administration of the National Insurance Act should be placed entirely in the hands of the trade-unions, without any interference whatever from the Labour Exchanges, and that the ordinary books and vouchers of the unions should be considered sufficient evidence of the due payment of unemployment-benefits.

During the War unemployment was reduced to a minimum. In 1915 the figures were lower than in any previous year of the present century, and in the following years unemployment was reduced still further. But it was clear that the cessation of hostilities would carry with it an immediate rise in the figures of unemployment in consequence of the difficulty demobilized soldiers would experience in finding employment, and that later on there would be a gradual increase when the post-War depression in trade had set in. The unemployment-problem therefore underwent considerable discussion during the War.

Whilst the War was going on a Joint Labour Committee on Labour Problems after the War was set up, and one of its chief functions was to inquire into the problem of unemployment. The Committee was composed of equal numbers of representatives from the Parliamentary Committee of the Trade Union Congress, the Executive Committee of the Labour Party, the Management Committee of the General Federation of Trade Unions, and the War Emergency Workers' National Committee.

In 1917 this Committee issued a Memorandum on the problem of unemployment after the War. The comments and recommendations in this Memorandum call for special attention for they represent the general opinion of the modern British Labour movement on this problem.

The Committee emphasized the necessity for settling in advance a systematic plan for dealing with the unemployment which was bound to occur after the War, and urged that it should include measures both for the prevention of unemployment and for the direct relief of the unemployed.

As to the measures for preventing unemployment, the Committee recommended that the Government should attempt to maintain the aggregate demand for labour all over the country at an approximately uniform level by starting public works on a large scale.

* Mr. J. C. Gordon on the Trade Union Congress, 1913, *Vide Report of the Congress*, p. 307.

UNEMPLOYMENT

Among the works which it was suggested that the Government should put in hand were mentioned :

- a.* Housing-schemes, on which a minimum of £200,000,000 had to be spent.
- b.* Other works for local improvement, such as improvements in the water-supply, drainage, etc.
- c.* The erection and development of public libraries.
- d.* The building and development of roads, light-railways, harbours, etc.
- e.* The development of small-holdings, dairy- and poultry-farms, and the securing of the maximum production of home grown cereals.
- f.* Extensive schemes of afforestation, by replanting where trees had been cut down during the War, and by covering areas suitable for timber-growing.

Further, the Committee proposed that the Government should introduce legislation enabling the local authorities to acquire land and inaugurate enterprises. The housing-schemes should be for the most part in the hands of the local authorities. The factories in the possession of the Government, which numbered almost 200, should be retained by the State and used for national purposes. As unemployment was likely to occur especially among young persons, the Committee proposed the following educational reforms to prevent an over-stocked labour market :

(*a*) The prohibition of the employment of young persons under the normal age for leaving school, (*b*) the raising of this age to 16 years, (*c*) the part-time (only) employment of young people of 16-18 years of age ; no young persons to be employed more than 30 hours a week, the remainder of the normal working-week to be devoted to physical, technical, and general educational training, (*d*) an increase in the number of scholars taken into the scheme of preparation for school-teachers, (*e*) an increase in the number of bursaries and scholarships to the Secondary Schools, Universities, and Technical Colleges.

The Committee also urged the Government to introduce legislation providing for a legal eight-hours day, and to prohibit all overtime work directly peace was proclaimed.

In cases of unemployment where suitable work could not be found, the Committee recommended that the Government should pay, apart from the benefit under the Insurance Act, an extra allowance of 7/6d. a day for each unemployed member of a trade-union. For unemployed to whom the Act did not apply a provisional scheme of maintenance should be organized, and rates fixed with reference to the cost of living.

LABOUR POLICY

The policy pursued by the Government with regard to unemployment differs in several main points from the principles laid down by the Joint Labour Committee. The scheme prepared by the Government during the War had in view, primarily, the situation which would follow immediately on the cessation of hostilities, while the situation arising out of an eventual future trade-depression was not taken into account so much. The scheme, therefore, was, in the first instance, of a temporary character, aiming at the temporary maintenance of unemployed ex-soldiers and sailors, munition-workers, and other workers thrown out of employment as a consequence of the transference of industry from war-conditions to peace-conditions.

The recommendation that the Government should retain the munition-factories and other war-factories was not adopted by the Government, which preferred to sell these works privately. On the other hand the Government provided sums for the erection of houses, and gas- and water-works, and for the repair and construction of roads, etc., as recommended by the Labour Committee.

The Government scheme with regard to unemployment was contained in a proclamation by the Minister of Munitions of November 13th 1918, addressed to contractors, sub-contractors and workpeople. It laid stress on the fact that the measures proposed were "solely intended to bridge over the inevitable period of dislocation." These measures were to be taken, on the one hand, by the private enterprises, and, on the other, by the Government. Among the former may be mentioned :

(1) Abolition of overtime work, (2) Substitution of piece-work for time-work, (3) Reduction of the hours of work.

The Government promised to undertake the payment of a non-contributory out-of-work donation in order to tide over the period of acute unemployment, which, it was expected, would be the outcome of the cessation of hostilities. This donation-scheme was divided into two sections, the first applicable to ex-members of H.M. Forces and the second to civilian workers.

Donations to ex-members of H.M. Forces below commissioned rank was granted at the rate of 29/s. per week for men and 25/s. for women, during a maximum of twenty-six weeks out of the total period of one year during which the scheme was to be in force. Payment could be extended under certain conditions for another thirteen weeks at a rate of 20/s. for men and 15/s. for women. After the lapse of the period of one year payment at these rates, in certain cases, have been continued for shorter periods. Special provisions were made for the maintenance of disabled soldiers.

Donation for unemployed civilian workers was granted originally

UNEMPLOYMENT

for a period of thirteen weeks during the first six months after November 25th 1918. The weekly rates were as follows:—For men 24/s., for women 20/s., for boys 12/s., and for girls 10/s. It should be noticed that in the middle of the general election campaign these rates were increased to 29/s., 25/s., 14/6d., and 12/6d., respectively. Unemployment, however, increased rapidly, and most unemployed workers had already, in February 1919, exhausted their allowances. The Government therefore decided that the Local Employment Committees might, under certain conditions, grant further allowances at the reduced rate of 20/s. for men, 15/s. for women, 10/s. for boys, and 7/6d. for girls.

Unemployed workers in certain circumstances were entitled to benefit both by out-of-work donation and by the National Insurance Acts. But, contrary to the recommendations of the Joint Labour Committee, a workman was not allowed to receive out-of-work donation and insurance-benefit in respect of the same period of unemployment.

The Government scheme with regard to unemployment met with a good deal of criticism from nearly all quarters. It has been denounced not only by the anti-waste zealots and those who regarded unemployment-relief as an inducement to idleness, but also and particularly by the Labour leaders. Their attitude with regard to the unemployment-policy of the Government is clear from the following statement in the Trade Union Memorandum to the Industrial Conference held on April 4th 1919:*

“The actions of the Government in relation to industry since the general election have deepened the working class impression that profiteering is prevalent. The sale of national ships, shipyards, and factories is strongly resented by Labour, especially as this has taken place at a moment when the ships might have been made of the greatest use, in national hands, both in relieving the necessities of the world and in preventing the creation of powerful shipping monopolies. The shipyards might have been used to increase and develop a national mercantile marine, and the factories, as well as the shipyards, might have been turned to the task of useful peace-time production, and might have been made a powerful factor for the prevention of unemployment both during the period of dislocation and permanently.”

Labour objected also to the stoppage of the State-managed industries and to their sale to private firms. It was thought that it would be better for the Government to carry on production at a loss in these factories rather than pay out money week after week

* Cd. 501, 1920, p. IV.

LABOUR POLICY

for the relief of unemployment and produce nothing.* But not only this. The policy of the Government proves clearly that it rejected entirely the idea of State-enterprise competing with private enterprise. At the Industrial Conference of February 27th 1919 Sir Robert Horne made the following statement on behalf of the Government. "The consideration which ultimately weighed with the Government was that the only chance of expediting matters at the present time was to restore confidence in private enterprise. . . . If the Government was regarded as a competitor in the industries which private enterprise was at the present running they would never get proper work started again at all."†

That this attitude of the Government was bound to give offence to the Socialists is clear enough, and in the above Memorandum to the Industrial Conference the Trade Unionists declared with regard to the Government policy: "This is by no means the view of Labour which holds that the development of national resources under public ownership is the most urgent need of industry at the present time. The eagerness of the Government to sell the national property and its express determination to compete in no way with private interests in the task of production, even on such commodities as telephones which are required by the Government itself in large numbers, and the hasty abandoning of national control over industry, without any adequate safeguard for the protection of the consumer, have led the workers to the view that the Government's first concern is the restriction of public ownership and the restoration, at all costs, of the system of production for private profit."‡

In spite of all adverse criticism the Government policy with regard to unemployment during the period of the transference of industry from conditions of war to those of peace was not on the whole unsuccessful. It must be remembered that the steps taken by the Government were only temporary, and aimed first of all at avoiding Labour troubles as a consequence of unemployment and at the proper restarting and re-establishment of industry. In this the Government succeeded.

The Government, however, decided to introduce a more permanent scheme in conjunction with the amendment of the Insurance Act which had proved inadequate both in respect of the rates to be paid and as regarded the extension of their application. On December 23rd 1919 the Government introduced the Unemployment Insurance Bill, which was promulgated on August 9th the following year and

* *Vide* Speech of Mr. Clynes in the House of Commons, April 29th 1919 *Parliamentary Debates*, 1919, vol. 115, col. 64.

† *Cd.* 501, 1920, p. IV.

‡ *Ibid* p. IV-V.

UNEMPLOYMENT

came into operation on November 8th 1920. This Act* extended the unemployment-insurance to substantially all trades except agriculture and domestic service. While the Act of 1911 applied to about 2,500,000 workers, and after the extension of the Act in 1916 to about 4,000,000, the Act of 1920 covered nearly 12,000,000 workers.† The annual cost of unemployment-insurance to the Exchequer was raised from 1¼ millions to between 3 and 4 millions.‡

The amount of unemployment benefit was raised from 11/s. to 15/s. per week in the case of men, and to 12/s. a week in the case of women. Boys and girls received half these rates. The insurance-benefit was derived from a fund to which the employers contributed a weekly instalment of 4d. for each adult male worker, 3½d. for each adult female worker, and 2d. for each child-worker. The workers contributed approximately the same amounts and the State about half the amounts. The instalments of the workers were paid by the employers and recovered by deductions from wages.

No unemployed worker was to receive benefits for more than fifteen weeks in any one year, or more than one week's benefit for six weeks' contributions. The Ministry of Labour, however, had power to alter these conditions by Statutory Orders, and also to raise or lower the weekly rates of benefit. In order to receive benefit under the Act a worker should have paid not less than twelve weekly contributions and should be fit for work and unable to get it. He was not to be regarded as having neglected to accept work if he had refused a vacancy due to a strike, or an offer at lower rates or on less favourable conditions than he had previously obtained.

Before the Act came into operation trade-depression and high wages had forced many enterprises to reduce their staffs and others to close down completely. As a consequence the figures of unemployment increased steadily; for November 1920 they were approximately 500,000, in the middle of the following month they exceeded one million, and reached nearly 2,200,000 at the end of June. Besides this, there were more than 800,000 registered as working short-time systematically who received unemployment-benefit or out-of-work donation.§ The rapid increase in the volume of unemployment made new measures necessary. The payment of unemployment-benefit was not sufficient and steps had to be taken to prevent further unemployment.

On November 24th 1920 the Prime Minister received a deputation from the London County Council which pressed for powers enabling

* 10 and 11 George V, ch. 30.

† Figures given by Sir R. Horne in moving the second reading of the Bill on February 25th 1920.

‡ *Vide* Memorandum of the Bill.

§ *The Labour Gazette*, 1921, p. 335.

LABOUR POLICY

it to act promptly in starting relief-works for the unemployed. The Prime Minister promised to do what was possible, and the Relief Works Bill, extending the power of local authorities to absorb the unemployed on Public Works, was passed hurriedly through all its stages, and received the Royal assent on December 3rd.* The Government also appointed a Committee, under the chairmanship of Lord St. Davids, to administer a fund of £3,000,000 intended for the assistance of local authorities in carrying out schemes of relief-work other than those on roads and housing. The same amount was granted for starting works on arterial roads, and two and a quarter millions out of that sum was to be spent in the Greater London area. It has been estimated that at the beginning of April temporary employment was found by various Government and municipal relief-schemes for approximately 80,000 workers, and that the schemes of Lord St. Davids' Committee will provide full-time work for nearly 40,000 men.† In the autumn of 1921 Parliament granted an additional sum of £5,500,000, primarily to meet the expenditure of the relief-works but also to assist, by means of loans, Parish Councils and Boards of Guardians in necessitous areas.‡

On New Year's Day 1920 the Government met to discuss the unemployment-problem, and decided to initiate a part-time scheme in order to reduce unemployment. The scheme was adopted immediately in the Government dockyards, and in other establishments. At Woolwich the men had to stand-off one week in six; at the dockyards the working-time was reduced by seven hours per week; and in the Government establishments in Scotland the workers were not employed on Saturdays; weekly wages in all cases were reduced in proportion to the reduced working-time. The Government urged private undertakings, the municipal authorities, and the trade-unions to adopt similar schemes. The recommendations of the Government have been followed by private firms in various industries. The trade-unions, however, have opposed strongly the part-time plan. They object to all reduction of the working-time when it is accompanied by a corresponding lowering of weekly wages. The decision of the Government to reduce the working-time in its establishments was taken without hearing the Joint Industrial Councils for Government Departments. The trade-unions regarded the action of the Government as a violation of the fundamental principles of the Whitley Councils, and the withdrawal of their representatives from these Councils has been considered seriously.

* 10 and 11 George V, ch. 57.

† *The Labour Gazette*, 1921, p. 178.

‡ *Ibid* p. 570.

UNEMPLOYMENT

The Labour Party and the trade-unions, whilst rejecting the principle of unemployment-insurance, demanded an increase in the rates of benefit up to 40/s. for men and 25/s. for women. In fact the Government also considered the rates under the Insurance Act of 1920 insufficient, and introduced a Bill providing for higher rates. On the second reading of this Bill on February 23rd the Minister of Labour declared that it was estimated that from March 1921 to July 1922 £45,250,000 would be paid out in benefits.* The rates of benefit were raised from 15/s. to 20/s. for men, from 12/s. to 16/s. for women, and to half these amounts for boys and girls under 18 years of age. The contributions were to be as follows :

	Employed.	Employer.	State.
Men	5d.	6d.	2 $\frac{3}{4}$ d.
Women	4d.	5d.	2 $\frac{1}{4}$ d.
Boys	2 $\frac{1}{2}$ d.	3d.	1 $\frac{3}{4}$ d.
Girls	2d.	2 $\frac{1}{2}$ d.	1 $\frac{1}{8}$ d.

The condition for receiving benefits was that the applicant had been employed during at least 30 weeks since December 31st 1919. For ex-Service men no such qualification was necessary. The benefits would be paid for a minimum-period of 16 weeks, from the date of the passing of the Bill to October 31st 1921, and for a maximum of a further 16 weeks, from November 1st 1921 to July 2nd 1922. For each following insurance-year the maximum-period for receiving benefit was fixed at 26 weeks. The new contributions were to be paid from July 3rd 1921.

The Unemployment Insurance Act (1920) Amendment Bill was carried speedily through all its stages, and came into operation on March 3rd 1921.†

The new Act was based upon the assumption that the percentage of unemployed among insured workpeople, up to the beginning of July 1922, would not exceed an average of 9.5. But it soon became clear from the enormous increase in the volume of unemployment—the percentage rose from 9.5 at the end of February to 17.8 at the end of June‡—that the funds would be consumed long before the prescribed period was over unless the rates of contribution and of benefit were modified considerably. To this end the Government introduced a new Insurance Bill which was passed by Parliament in June and received the Royal Assent on July 1st 1921.§ According to this Act the rates of benefit and contribution were as follows :

* *The Morning Post*, Feb. 24th, 1921.

† 11 George V, Ch. 1.

‡ *The Labour Gazette*, 1921, pp. 173 and 335.

§ 11 and 12 George V, ch. 15.

LABOUR POLICY

Rates of unemployment benefit.		Rates of contribution.		
		Employed.	Employer.	State.
Men	..... 15/s.	7d.	8d.	3½d.
Women	.... 12/s.	6d.	7d.	3½d.
Boys	..... 7/6d.	3½d.	4d.	1¾d.
Girls	..... 6/s.	3d.	3½d.	1¾d.

No unemployed workman was to receive benefits for more than sixteen weeks during the period March 1921—October 1921, or during the period November 1921—June 1922, unless the Minister of Labour found it "expedient in the public interest" to increase the time of unemployment-benefit for a further six weeks during each of the prescribed periods.

The conditions for receipt of benefit under this Act are that the applicant can prove :* (1) that, since the end of 1919, he has been engaged in an insured trade during at least twenty weeks ; (2) that he is normally employed in an insured trade ; (3) that he is genuinely seeking whole-time employment but is unable to obtain it ; in case an applicant does not satisfy conditions (2) and (3) he must prove, (4) that he has paid at least twenty weekly contributions during the last preceding insurance-year.

According to the Unemployed Workers' Dependants (Temporary Provision) Act of November 8th 1921† a worker who was granted unemployment-benefit under the Insurance Acts might receive an additional grant of 1/s. a week for each dependent child, and, if he was a man, 5/s. a week for his wife ; if the worker was a woman she might receive 5/s. a week for her husband, if he were prevented by mental or physical infirmity from supporting himself. The additional contributions to be paid by workers and employers were 2/s. each in the case of a man and 1/s. in the case of a woman.

The Unemployment Insurance Act of April 12th 1922‡ amalgamated the rates of contribution and benefit under the Unemployment Insurance Acts of 1920 and 1921, and the Unemployed Workers Dependants Act of 1921. The combined rates of weekly contribution are as follows :

	Employed.	Employer.	State.
Men	..... 9d.	10d.	6¾d.
Women	.. 7d.	8d.	5½d.
Boys	.... 4½d.	5d.	3½d.
Girls	.... 4d.	4½d.	3½d.

The rates of benefit are the same as under the Unemployment

* Clauses (1) to (3) according to the provisions of 11 George V, Ch. 1.

† 11 and 12 George V, ch. 62.

‡ 12 George V, ch. 7.

LABOUR POLICY

Insurance Acts of 1920 and 1921, plus 5/s. for a dependent wife or husband, and 1/s. for each dependent child.

The Act, further, makes emergency-provisions for the payment of unemployment-benefit until June-1923.

The Act was based upon the assumption that unemployment would not exceed an average of 1,900,000 up to the end of June 1922, and an average of 1,500,000 during the following twelve months, in both cases reckoning the number of persons on short-time work at half their full number.*

During the year 1921 the benefit paid to unemployed workers and their dependents amounted to £58,600,000, the out-of-work donation to £500,000, and the administrative expenses of the Employment Exchanges to £2,800,000. This money was raised in the following way† :—

Contributions of employers	£11,750,000
Contributions of workers	10,750,000
State-contribution	6,500,000
Contributions of Service Departments	1,500,000
Interest on Investments	1,100,000
Accumulated Unemployment Fund	22,700,000
Loan from the Exchequer	7,600,000
	£61,900,000

The last phase in the policy of the Government with regard to unemployment-insurance is that the Government has taken up the idea that unemployment-insurance should be organized by the various industries. In February 1922 the Minister of Labour issued a circular letter to the principal employers' associations and trade-unions directing their attention to this matter, and asking for their opinion. So far, however, no changes in the general organization of unemployment-insurance have taken place.

The whole policy of the Government described here has, as we have seen, been directed towards the relief of the unemployed, and not towards the prevention of unemployment. In the King's speech of February 15th 1921 it was also stated that unemployment "may be alleviated but cannot be cured by legislative means."‡ However, the measures taken by the Government to improve the industrial situation and reduce the general trade-depression—such as the

* *The Labour Gazette*, 1922, p. 157. Estimated thus the number of unemployed workers at the end of March, 1922, was 1,851,500. *Ibid* p. 155.

† *Ibid* p. 157.

‡ *The Times*, Feb. 16th 1921.

LABOUR POLICY

Overseas Trade (Credits and Insurance) Acts, 1920* and 1921†, and the Trade Facilities Act, 1921‡—have indirectly acted as a remedy against unemployment. But it is clear that unemployment is bound to remain, so long as wages are kept above the level of supply and demand, and that to subsidize the unemployed means indirectly to subsidize also the employed workers by keeping their wages above the normal level. To the reader this judgment may seem extremely harsh, and so it appears to the writer, too, but we have to face the economic realities of the industrial conditions which prevail at present. The question of unemployment, as well as that of wages has to be fought out between the employers and the workers, and the more the Government interferes by maintaining the unemployed, the more difficult will it be to reach a solution of the problem.

7—GENERAL SURVEY

IN ordinary times neither France nor the Scandinavian countries are exposed to unemployment to anything like the same extent as Great Britain, and in those countries unemployment is mainly seasonal while British industries are exposed to a considerable amount to seasonal as well as to cyclical unemployment. Moreover, it must be remembered that in Great Britain unemployment in seasonal trades is not neutralized to the same extent, as in the Scandinavian countries, by the existence of special trades in which the demand for labour increases during otherwise slack seasons. These circumstances explain why the measures taken by the British Government to alleviate unemployment have always of necessity been planned on a much larger scale than in any of the other countries with which we are here concerned.

However, the systems for dealing with unemployment in these countries and in Great Britain are based upon very much the same principles, aiming, on the one hand, at facilitating the distribution of labour by the establishment of Employment Exchanges, and, on the other, at relieving the unemployed, by either unemployment-insurance or out-of-work donation, or by the creation of public relief-works.

It is clear that detailed regulations, by international conventions, as to the policy to be pursued in various countries in respect of unemployment, would be inappropriate, because it would be necessary for such a policy to take into consideration the peculiar social and

* 10 and 11 George V, ch. 29.

† 11 and 12 George V, ch. 26.

‡ 11 and 12 George V, ch. 65.

UNEMPLOYMENT

economic conditions prevailing in each country. Uniform international legislation with regard to unemployment must therefore be very general in its scope. This is also the case with the Convention drawn up respecting unemployment by the Washington International Labour Conference of 1919. The Conference made the following recommendations :

- (1) That measures should be taken by the respective Governments to prohibit the establishment of fee-charging Employment Agencies, and that such agencies as exist already should operate only under Government licences.
- (2) That the recruiting of bodies of workers in one country for employment in another should be permitted only by mutual agreement between the countries concerned and after consultation with the employers and workers in the industries affected in each country.
- (3) That there should be established an effective system of unemployment-insurance, either through a Government Department, or through a system of Government subsidies to associations whose rules provide for the payment of benefits to their unemployed members.
- (4) That the execution of all work undertaken under public authority should be co-ordinated with a view to reserving such work as much as possible in order to relieve unemployment.

These principles have been adopted by the Scandinavian countries unreservedly, and by Great Britain with reservations for clauses (1) and (2). As to the first clause, the British Government considered its provisions neither necessary nor desirable ; it objected to the second clause mainly because it contemplated a situation which hardly arises in connection with British industries in normal times.* As regards clause (3), its recommendations have already been carried out in Great Britain, Norway and Denmark. The permanent unemployment-insurance system established in these countries is a combination of the two alternative systems recommended in the clause. On the other hand, the adoption by Sweden of clause (3) involves a real innovation, for the present system of unemployment-insurance has been only temporary. Clause (4) is undoubtedly the most remarkable of the recommendations made by the Conference, but—to use the words of Mr. H. J. Wilson†—the matter dealt with in this clause is “ complicated and difficult.” Whether it is possible and advisable to keep a margin of vacancies in the personell of the public works, for unemployed workers, and whether these workers would be able to perform the work without a

* *The Labour Gazette*, 1921, p. 563.

† Secretary of the British Ministry of Labour. *Vide Ibid*, p. 564.

LABOUR POLICY

long period of training, must depend very largely upon the character of the public works in each country. However, the terms in which the clause is couched give the respective Governments a free hand in deciding this matter.

As regards the organization of public relief-works for the unemployed it is clear that in a case of emergency such a measure may be justifiable. But what would be the result of the creation of permanent relief-works for the unemployed? It is hardly conceivable that the local authorities or the Government could organize every sort of relief-work so as to provide an unemployed workman with the work for which he is most fitted and to which he is accustomed. At the same time it is clear that a skilled mechanic would not be content to work on making or repairing roads, nor satisfied with the comparatively low standard of wages for this class of work. Also, the probability is that he would be inefficient, if not entirely incapable of doing such work. The great danger in organizing permanent relief-works for the unemployed, however, is that such action must inevitably disturb the economic basis of industrial life. We will endeavour to explain why.

Workmen's wages, like prices, are fixed by the supply of and demand for labour. The price of labour differs in various branches of industry and is fixed in relation to all other prices. The wages in a certain industry depend not only on the demand for and supply of labour in that particular industry but also upon the demand for and supply of labour in all other industries. But this is not all, for these factors depend ultimately not only upon the relation between the demand for and supply of goods produced by the special industry concerned, but also upon the supply of and demand for all other goods produced to supply human needs. When the need and demand for certain goods increase, the prices of these goods, as well as the wages of the workers employed on their production, will also rise and thereby attract labour. On the other hand, wages must be reduced in industries where the demand for and need of labour has diminished. In this way prices and wages regulate the distribution of labour so that it is used for the production of those goods which are needed most urgently.* This whole system would be disturbed by the organization of permanent public relief-works guaranteed at fixed wages. The result of this would be that labour would be used, not in industries where it was most needed, but, at the discretion of the local authorities, in districts where wages were above the normal rate. In this way the productive power of the community would be employed in the over-production of goods for which there was no

* *Vide* pp. 477, 478.

UNEMPLOYMENT

urgent or real demand at the expense of urgently-needed or essential work.

There is no doubt that the systems of unemployment-insurance prevailing in the five countries under survey are economically just as unsound as a permanent system of unemployment relief-works. The point is that in those systems the problem of assisting the unemployed workers has been tackled from the wrong end. What the unemployed want, and have the right to claim, is work at adequate wages, but to give them money for nothing (like paupers) is an entirely wrong system which encourages idleness and creates more unemployment. That the present system of insuring the workers is wrong is therefore obvious enough. It seems that a far better solution of the unemployment-problem would be to place every employer—by a system of Government licence—under the obligation of maintaining in his factory a certain number of workers—which number must under no circumstances be reduced—at full *real wages*. But for this purpose the employer would have to be insured against loss arising out of trade-depression. He ought to pay weekly contributions (fixed in proportion to the number of workers employed in his factory) to a central insurance-fund, to be administered by the Government and applied to in the case of trade-depression in order to assist the employer in maintaining the number of hands in his factory and real wages at their normal level. Under the present system it is so easy for an employer, in order to prevent pecuniary loss during times of depression, just to dismiss the “superfluous” workers and reduce output that he simply does not care whether there are any other possible ways of preventing such a loss. The system proposed here, on the other hand, will compel the employer to find out all possible ways and means of keeping his workers employed fully during times of trade-depression.

When considering the present situation with regard to unemployment there is one point which calls for special attention, and that is the relation between unemployment and international finance. It is clear that in countries where the currency during and after the War has depreciated comparatively little, and where the increase of wages corresponds fairly to this depreciation, the volume of unemployment is bound to be much greater than in countries where the currency has depreciated so much that wages and prices have not risen in proportion. The industries of the latter countries can naturally undersell those of the former in consequence of their “unfavourable” rate of exchange, and this is bound either to bring industry to a standstill and to create unemployment in the countries with “favourable” exchange, or to cause a considerable decrease in wages. The opposition of the workers and their disinclination

LABOUR POLICY

to accept wage-reductions naturally makes it very difficult for the industry to carry on, and prolong the period of unemployment. In order to prevent this it has been suggested that in countries with a favourable exchange the currency should be inflated deliberately by the lowering of the bank-rate and the issue of treasury-notes without corresponding securities.* There is no doubt that such an artificial depreciation of the currency would stop unemployment temporarily, put industry in working-order, increase prices and, on the assumption of no change in the rate of wages, lower real wages. It would also facilitate considerably the payment of the national debts. This is the bright side of the picture. But it has also a dark side. The statement attributed to Lenin that "the best way to prepare a country for Bolshevism is to destroy its currency" has certainly a good deal of truth in it. It is clear that a deliberate inflation of the currency of a country is bound to lower the credit of the State. Another circumstance which must be taken into consideration is that the depreciation of the currency is probably only a temporary remedy against unemployment. It is very probable that the destruction of the currency would lead sooner or later to a reaction, and to a financial crisis of far more formidable dimensions than that which we have to face at the present time.

There is one point in the problem of unemployment which some people have great difficulty in understanding; this is that unemployment cannot be abolished by reducing the hours of work. They think that if only the working-time in all enterprises were reduced sufficiently all workers would be needed and that consequently unemployment would cease. It cannot be denied that this idea underlies the proposals at the Trade Union Congresses to reduce the working-time.

It is a great mistake to argue that the reduction of the working-time creates greater opportunities for employment. In the first place such a measure means a decrease in production; this in turn means that real wages have to be reduced, as the output of industry is not sufficient to pay the same wages as it did before the working-time was reduced. Now, if the workers refuse to accept these lower wages, which correspond to the economic position of industry, there is bound to be a continuous increase in unemployment. Instead of creating opportunities for work the reduction of the working-time will thus have produced the opposite effect, i.e. it will have created unemployment.

This seems to be clear enough, but many people raise the objection that the shortening of the working-time does not necessarily lead to a

* *Vide* the discussion on the subject in the *Times Trade Supplement*, April 1921.

UNEMPLOYMENT

decrease in production. Their argument is this, that unemployed workers produce nothing, but if they were employed on half-time, and if the workmen who were still in work were reduced to half-time, there would be no decrease in production. This argument is superficial. It does not strike at the root of the unemployment-problem, which is the wage-question. As has been emphasized in the introduction to this chapter, unemployment means always unemployment at a certain wage. The value of a remedy for unemployment, such as the shortening of the working-time, must therefore be judged with regard to the only real remedy, i.e. the reduction of wages to their normal rate as fixed by the supply of and demand for labour. We have, therefore, only two alternatives to consider, (1) reduction of the hours of labour, and employment of all workers on part-time ; and (2) reduction of wages to their normal rate and employment of all workers on full-time. The first alternative means a decrease in production, a lowering of the normal rate of wages, and a continuous increase of unemployment ; the second alternative, on the other hand, means the disappearance of unemployment, increased production, and a continuous rise in real wages and in the standard of living of the workers. Considering these circumstances the only wise solution of the present industrial problem seems to be a definite wage-policy based on the principle that wages must be reduced in proportion to the decrease in prices. The permanent settlement may take some time and necessitate much sacrifice on the part of employers as well as workers, but this is better than to defer the real settlement by half-measures which only prolong the trouble.

CHAPTER XXV

JOINT INDUSTRIAL ORGANIZATION

I—INTRODUCTORY NOTES

THE aim of what has been called "the democratization of industry" is to give Labour a voice and a certain amount of control in the management of industry. The phrase is often used in a very loose sense and is given a different meaning by different political parties. All agree that the democratization of industry aims at giving Labour a share in the control of industry, but they disagree as to the form and extent of this control. Some parties consider that a system under which the workers would exercise a controlling influence over the management of industry entirely by collective bargaining would be the most democratic form of industrial government. Others mean by "the democratization of industry" that the State, by legislation, should secure to the workers a certain direct control over the management of industry. The most Radical interpretation of the phrase "the democratization of industry" appears to connote absolute equality of workers and employers in the control and management of industry. To give the workers greater control than the employers would obviously not be in accordance with the principle of democracy, as the latter would then be denied equal rights with the workers.

The declaration in this respect of the European Commission of the National Industrial Conference Board (U.S.A.) is noteworthy. "The Radical interpretation of the phrase" it says "will run out in many directions; into the Guildsman's idea of a new industrial framework; into the Socialist's State-ownership and control of the means of production; into the Syndicalist's idea of the total annihilation of the State; into a destruction of the wage-system, the rights of private property, the capitalistic system; into the war of classes between *bourgeoisie* and *proletariat*." The Commission therefore draws the following conclusions with regard to the term "democracy in industry." "The subtle danger in such a phrase is the fact that it runs through all of these gradations of meaning without change in outward form. And, unfortunately, the user,

JOINT INDUSTRIAL ORGANIZATION

whoever he may be, is likely to be cited as endorsing the most Radical interpretation"* The apprehensions of the Commission with regard to the use of the above phrase seem to be somewhat exaggerated, at least when we consider the arguments upon which this fear is based. For there is a limit to the Radical interpretation of the phrase, namely the equality between the power of the employers and that of the workers. When this limit is passed, i.e. when the workers acquire the entire control of industry (for instance, by the adoption of Syndicalism), then there is no longer industrial democracy.

The widespread opinion has prevailed in different political quarters that political democracy secured by universal suffrage ought to be accompanied by industrial democracy; it has even been argued that universal suffrage must inevitably lead to industrial democracy. The presumed analogy between political and industrial democracy does not really exist, however, because, though the right of every citizen to exercise indirect influence in the government of his country by his political vote is a fundamental principle of social justice, the right of the workers to determine how the employers shall use their own capital is a principle of which the justice is, to say the least, not admitted universally. The word "democracy" is associated generally with social justice, and the phrase "democratization of industry" therefore readily gives the false impression that any system by which it would be accomplished would be based necessarily upon such social justice. In so far as "democratization of industry" aims at preventing the employers from exploiting their workers it is based upon justice, but when it goes further than that and gives the workers the right to exploit the capital of their employers then it is opposed to the fundamental principles of social justice.

The claims of the workers for democratization of industry, the desire of the employers and of the consuming public to abolish industrial unrest, and the need in all countries for increased production, especially after the War, have led to the appearance of a great many more or less practicable reconstruction-schemes which have been brought forward by the Government or by Committees in most countries in some form or other. These schemes are characterized by attempts to promote both the interests of the workers, by giving them more influence over the management of industry, and the interests of the country as a whole by reducing the discontent of the workers and facilitating co-operation between employers and workers, thereby avoiding certain causes of industrial unrest. It is the object of the present chapter to enumerate and examine

* *Report of the Commission*, November 1919, p. 18.

LABOUR POLICY

some of the schemes which have been introduced or proposed, in the various countries under survey, for the purpose of giving Labour a share in the control and management of industry.

2—FRANCE

THE attitude of a great many French employers towards co-operation with their workers is explained by the following characteristic statement made by one of them: "Most employers keep in touch with their men. This is the best way to control Labour."* Here is no question of Labour's share in the management of a business, but only of the employer's control of Labour. In fact very few employers tolerate any interference by anyone in the management of their undertakings. It may be remembered that it was not until quite recently that they agreed to negotiate with the syndicates; and it was only under Government pressure, applied during the War, that negotiations between employers and syndicates became general.

But joint industrial organizations are nothing new in France. *Conseils des prud'hommes*, local organizations composed of employers' and workers' representatives, were established early in the nineteenth century and are still in existence. Their object, however, is to deal only with individual disputes between employers and their workers.

On January 22nd 1891 the *Conseil Supérieur du Travail* was established; it is composed of representatives of employers and workers, with a small number of representatives of the Chamber of Deputies, the Senate, the Chamber of Commerce in Paris, the Sorbonne University, and the Co-operative societies. It acts as a national consultative committee of the Government on all questions relating to industry and labour. Since 1891 the Government has considered hardly any question relating to the conditions of labour without submitting it first to the examination of this Council.†

Local consultative Labour Councils were established on the initiative of M. Millerand by a Decree, dated September 17th 1900. The legality of this measure was disputed and consequently very few Councils were actually created, and those which were established did not prove to be of much use.‡

* *Report of the European Commission of the Industrial Conference Board (U.S.A.)*, November 1919, p. 292.

† *Bulletin du Ministère du Travail*, 1921, p. 250.

‡ *Ibid* 1921, p. 251; and *Comité Permanent d'Etudes relatives à la Prévision des Chômages Industriels, Compte-Rendu des Travaux*, Paris 1920, appendix VII, p. 77.

JOINT INDUSTRIAL ORGANIZATION

The *conseils (consultatifs) du travail*, created by an Act of July 17th, 1908 are more important. The object of these Councils, which are composed of equal numbers of employers' and workers' representatives, is : (1) to promote the material and moral interests of the trades they represent, (2) to report on questions concerning these interests, and (3) to make inquiries or carry out investigations at the request of the Government. A Council may be established by order of the Council of State at the request of the interested parties. By a Government Decree of May 10th 1909 the following functions of the Councils were specified : (1) to give their opinion on trade-disputes between employers and workers and to suggest means by which they could be terminated, (2) to inform the administrative authorities of the normal and current rate of wages and working-time in their respective districts, and to give their opinion on these. It must be remembered that these Councils were originally merely advisory bodies, and that their influence upon the management of industry was only made effective by means of recommendations. The Minimum Wage Act of July 10th 1915, however, provided that the Labour Councils should be entrusted with the power of determining the minimum-wage in their respective districts.

By the Finance Act of April 8th 1910* the expenses of renting, heating, and lighting, and of the general upkeep of the premises used by the Labour Councils, were laid on the Municipality in which they were situated. The election-expenses and the cost of administration of the Councils were borne by the local rates. These conditions are still in force.

In this connection may be mentioned the establishment of the so-called *yellow* or *joint syndicates* formed on the initiative of employers and workers themselves. The first of these syndicates was established in 1899, and by 1914 233 syndicates, with a total membership of over 51,000, had been created.† Their object is to promote co-operation between employers and workers in the interests of both. In spite of the comparatively small extension of the *yellow* movement it has been much discussed, particularly by the C.G.T. and the workers' syndicates which consider them as blackleg-organizations and do their best to prevent the development of the movement.

Although the French Syndicalists are opposed on principle to co-operation between Capital and Labour they claim a greater share for Labour in the management of industry, and the movement in favour of industrial democracy originated in their ranks during the

* Art. 100.

† *Annuaire Statistique du Ministère du Travail*. 1917, p. 134.

LABOUR POLICY

War. The economic programme of the C.G.T., submitted to the Conference of the Confederation in December 1917, contained the following interesting statement : " The working-class ought energetically to claim a share in the management and organization of production. It intends to interfere not only in questions relating to wages, hours of labour, apprenticeship, sanitary and safety conditions, but also in the administration and control of production, thereby stimulating the initiative of the *bourgeoisie* which has, up to the present time, only shown a retrogressive and automatic spirit."* This declaration did not entirely preclude co-operation between Capital and Labour. But later on the C.G.T. adopted a much more uncompromising attitude, and the programme of the Economic Council of the Labour in 1920 definitely rejected any such co-operation. According to this programme the control of industry should be exercised by representatives of workers, managers, technical experts, and the consuming public. Capital should have no share in the management and control of industry.† M. Léon Jouhaux, the General Secretary of the Confederation, has also stated emphatically that the administration of industry must be placed entirely in the hands of representatives of producers (i.e. associations of technical experts and syndicates of employees and manual workers) and representatives of consumers (i.e. local authorities and Chambers of Commerce.)‡

The vague proposals of the Syndicalists have naturally been ignored by the Government. As a rule the French employers have also refused to take them seriously. On the whole the latter have very little respect for the Syndicalists and are not afraid of labour troubles. The following statements made to the European Commission of the American Industrial Conference Board are good examples of the prevailing optimism of the employers' class in France: (1) " With plenty of work there is no serious labour problem in France." (2) " There is no cause for worry about the labour situation in France." (3) " Labour Unions are not strong, except in the large concerns, and there are not many large concerns in France. Ninety per cent. of the shops employ not more than fifty men each.§ In these small shops there are no labour troubles." (4) " French labour can easily be controlled with a firm hand||."

* F. Fagnot, *La Part du Travail*, edited by the Association Nationale Française pour la Protection Légale des Travailleurs, Paris 1919, p. 40.

† Confédération Générale du Travail, *Le Conseil Economique du Travail*, Paris 1920.

‡ *La Houille blanche, une solution ouvrière*, quoted by F. Fagnot, *Ibid*, p. 41.

§ It must be noticed, however, that of all the workers employed in French industry nearly half are employed in establishments of 50 or more workers. F. Fagnot, *Ibid*, p. 73.

|| *Report of the European Commission*, p. 288.

JOINT INDUSTRIAL ORGANIZATION

There is one principle upon which remarkable agreement exists between employers and workers. This principle, inserted in the programme of the C.G.T. and formulated by M. Jouhaux, runs as follows: "A maximum of production in a minimum working-time for a maximum of wages—a maximum-development of shop-equipment to produce a maximum-output at minimum cost of production."* This is a patriotic formula, and its patriotism explains why it has been adopted with acclamation and enthusiasm by all classes. The one leading idea of reconstruction-work in France, upon which employers as well as workers are agreed, is that all the resources of the country should be developed to the utmost for the common good of the nation.

Reconstruction-policy in France has followed different lines from those pursued in England. The great demand for labour in the devastated areas and the high death-rate among French workers during the War have resulted in a scarcity of labour. This is one of the reasons why in reconstructing French industry so much attention has been given to improving the efficiency of labour, instead of, as in England, to improving permanently the relations between employers and employed in order to increase eventually the efficiency of production. Immediate remedies have been needed urgently in France, and this explains the character of the reconstruction-work carried out in that country.

French politicians, employers, and Labour leaders have shown great interest in the development of the Whitley scheme in England, but the French Government has not, up to the present, taken any steps to establish a similar system. As the reconstruction policy in France has aimed primarily at an immediate increase in the efficiency of production, and as opportunity for personal gain has been considered the best inducement to hard work, this policy has been founded on a "cash basis," to use an expression of the Whitley Committee. While in England the policy of inducing or trying to induce employees to work harder has been repudiated almost universally, this policy has won general approval in France. Scientific Management has been very popular and has received the support of the French Government. The form of Scientific Management adopted generally in French industry is the so-called *Taylorism*, which is characterized by the far-reaching specialization of machinery and labour, and by the grant to workers of a bonus calculated in proportion to the efficiency of their work.†

The measures taken by the French Government to bring employers and workers into closer association have not been applied

* *Les Travailleurs devant La Paix, un Programme.*

† B. Thompson, *Le Système Taylor*, Paris 1919, pp. 53 seq.

LABOUR POLICY

to reconstruction-work during and after the War, but have been the outcome and continuation of the reform-policy carried on before the War. Thus, the legislation relating to collective agreements (dealt with in Chapter XX) and the proposals in respect of conciliation and arbitration (Chapter XXI) were part and parcel of the pre-War policy.

The same can be said of the law on joint-stock companies and co-partnership, dated April 26th 1917, which was based upon ideas developed by M. Briand as early as 1909, and by M. Etienne Antonelli in 1912.* The shares of a company established under the provisions of this law are either shares of Capital or shares of Labour. The latter are the collective property of all those adult workers employed by the company who have been in its service for more than one year. The dividend on the shares is divided between the workers. They are represented at the General Assembly of the Company. At the elections of representatives each worker has a number of votes allotted to him in proportion to his annual wages. The workers are represented in equal numbers as the holders of shares of Capital; they are also represented on the Management Committee.

This system of co-partnership has not proved popular either with the employers or among the workers. It cannot be denied that it offers to the workers the prospect of being able to exercise great influence upon the management of industry; but they do not like the idea of having shares which are collective and not personal property. Another objection which has been made against the scheme is that it is too rigid to allow of more general adoption, and experience goes to prove that this opinion is right.

On February 4th-6th 1921 a Conference of representatives of employers' associations, workers' syndicates, and Chambers of Commerce was held in Paris, in order to discuss the problem of profit-sharing, with special reference to the Government proposal to establish a scheme of compulsory profit-sharing according to which the employers would be compelled to pay a certain percentage of their profits to the workers. The Conference passed a resolution in favour of making investigations as to whether joint-stock companies ought to be compelled by law to issue shares of Labour or to pay the workers a percentage of profits in some other way; it opposed the idea of applying compulsory measures to private employers, but recommended that such employers should do everything possible to improve the position of the workers from a financial, material, and moral point of view. The Conference also declared in favour of applying the Act of 1917 to railway companies, mines, and other

* F. Fagnot, *Ibid*, p. 52; and E. Antonelli, *Les Actions de Travail*, Paris 1912.

JOINT INDUSTRIAL ORGANIZATION

concerns which were established by concession on the part of the State, the Departments, or the Municipalities.

The recommendations of the Conference were, on the whole, received favourably by the employers, but they were criticized adversely by the C.G.T. This latter fact is not surprising as the syndicates of workers represented at the Conference were not affiliated to the C.G.T., but were mostly "yellow" and Roman Catholic organizations.

During the War Joint District Committees (*Commissions Mixtes Départementales*) were created on the initiative of the Ministry of Labour. They were composed of representatives of employers, officials, and workers, and of Members of the French Parliament, and were set up originally in order to advise and assist the Government in the matter of employing demobilized soldiers; but their functions were gradually extended so as to deal with collective agreements and reconstruction-problems. They were established, only temporarily, however, to meet the exigencies of the War.

In certain industries, such as the building-trade, furniture-making, ship-building, and the production of food-stuffs, Joint Committees (*Commissions Mixtes*) have been created by private initiative; in functions and organization they resemble closely the Joint Industrial Councils established in England. The Committees are composed of equal numbers of workers' and employers' representatives, who are appointed by their respective syndicates. The functions of the Committees are: (1) to keep employers and workers in touch with each other and so prevent the occurrence of sudden trade-disputes arising out of misunderstanding or ill-feeling between masters and men, (2) to decide on questions relating to output, technical development of the industry, wages, and other working-conditions, workmens' compensation, industrial insurance, etc. The establishment of Joint Committees as a rule is effected by collective agreements, which may also, as in the case of the furniture-making industry, include the stipulation that questions upon which the Committee is not able to come to an agreement must be settled by arbitration. The Joint Committees are not, like the Whitley Committees, centralized from Shop Committees into District Committees and from these into National Committees; but each Committee is completely independent and organized on either a shop-, district-, or national basis.

These Joint Committees are entrusted with greater power than the Whitley Councils. But as they are created by collective agreements, which in France are legally enforceable, the employers think twice before they agree to the establishment of a Joint Committee which has power to interfere in nearly all of the more important

LABOUR POLICY

questions relating to the management of industry. Joint Committees, therefore, have not been established generally, and are not likely in the near future to be.

In this connection we may notice the formation in 1919, on the initiative of the Government, of the *Confédération Générale de la Production Française* (C.G.P.) which is an organization "of employers' syndicates and other associations of which the object is to defend their economic, industrial, or commercial interests of a professional nature." Syndicates of workers may be affiliated to the Confederation, but the Central Council has the right to refuse affiliation of any association which might be expected to act against the interests of the Confederation. Its main object is "to contribute to the development of the national prosperity of France and of her powers of production and export, to concentrate the efforts of professional syndicates and associations, to group the producers and defend their general interests."* In October 1919 there were altogether about 2,000 syndicates and other associations affiliated to the Confederation.

The General Confederation of Production has been the leading power in the work of reconstructing French industry. Its strength lies in the fact that it is not a "class" organization, but stands for the interests of the community as a whole—for the interests of employers and consumers as well as for those of the working-classes.

3—SWEDEN

No system for giving the workers a share in the management of industry has developed in Sweden. In June 1920, however, a Committee was appointed by the Socialist Government for the purpose of inquiring into "the problem of industrial democracy." The appointment of this Committee immediately made this problem the subject of heated controversy and debate.

In a Memorandum explaining the object of this Committee the Prime Minister, Herr Branting, declared that industrial democracy (i.e. co-operation between the owners of the means of production, the technical experts, and the workers employed in industry) was a necessary complement to the activity of the trade-unions. He said that, while the object of trade-unions was to defend and promote the interests of their members, the democratic organization of industry would attach the workers more closely to production and would be an inducement to increase output in the interest of society as a whole. He believed that industrial democracy could be established in spite

* *Statuts de la Confédération*, Paris July 4th 1919, art. IV.

JOINT INDUSTRIAL ORGANIZATION

of the resistance of the social classes whose influence and power would be restricted by such reforms, just as political democracy had been established previously. It was essential when inquiring into the problem of industrial democracy always to keep in mind that the output of industry must be maintained and not reduced by the new forms of management. The problem was a very delicate one and it was difficult to decide the extent to which the workers should participate in the management. In all schemes of industrial democratization it was usual that certain matters affecting the management of industry should not be decided on by the employers before they had heard the opinion of the permanent organizations of workers. There were, however, wide differences of opinion as to the authority, organization, and functions of such bodies. The Committee would have to examine carefully the schemes of industrial democracy existing in different countries.*

The appointment of a Committee on industrial democratization would hardly have caused so much anxiety if it had not synchronized with the appointment of a Committee to inquire into the problem of the nationalization of industry. In spite of the caution with which the Socialist Premier put his arguments in favour of giving Labour a share in the management of industry, it was perfectly clear that this reform was intended to prepare the way for nationalization. This explains the great opposition with which the idea of industrial democratization was met by the whole *bourgeoisie*. The ulterior motives of the Socialists were feared to such an extent that industrial democratization as an independent problem was lost sight of. This undoubtedly is the reason why the problem of giving Labour a share in the management of industry has been judged somewhat unfairly by the *bourgeois* classes in Sweden.

In a speech delivered at Vara on July 2nd 1920 Admiral Lindman, the leader of the Conservative Party, attacked the theory of economic democracy.† The Prime Minister, he said, had declared that the starting-point for the democratization of industry must be the maintenance of the productive output, and that he even expected production to be increased. This was, in Admiral Lindman's opinion, entirely wrong, because output could not be increased unless the members of the joint industrial organizations were more capable of dealing with economic and industrial questions than the employers; the representation of manual workers on these bodies was not calculated to render the management more capable in this respect. The situation would be particularly difficult if a Syndicalist majority of workers elected some of their men as members of

* *Svenska Dagbladet*, June 23rd 1920.

† *Nya Dagligt Allehanda*, July 4th 1920.

LABOUR POLICY

the joint organizations. It was not at all probable that these men would strengthen and promote the development of the industry. "Behind the soft words of the Prime Minister," said Admiral Lindman, "we can discern the rumblings of a new and violent onslaught on private ownership."

In August 1920 economic experts from the three Scandinavian countries were called to a Conference at Stockholm in order to discuss *inter alia* the problem of giving Labour a share in the management of industry. The Conciliator, Herr Rabenius, declared that the movement for establishing Joint Industrial Councils in Sweden was, to a great extent, of an artificial character. It was developed in order to subserve the nationalization of industry, and should be estimated accordingly. Herr O. Järte affirmed that the movement for joint industrial organization in the Scandinavian countries had developed under the influence of the Russian Soviet ideas. In the countries which had actually been at war the industrial situation, he said, had compelled the establishment of Joint Industrial Councils; the prohibition of strikes had put the trade-unions out of action temporarily, and the joint organizations were to be regarded as substitutes. In the Scandinavian countries the situation was different. The trade-unions had not been deprived of the strike-weapon, and there had therefore never been any need for joint industrial organizations.

These are a few examples of the arguments used in Sweden against the admission of manual workers to a share in the management of industry. In fact any such scheme is not likely to be adopted by the Swedish employers voluntarily. Their very strong organization and great power are, in their opinion, better guarantees for industrial peace than any system of joint industrial organization. Perhaps the best proof of their power is that the trade-unions generally have accepted clause 23 of the programme of the General Association of Employers which states "that the employer alone has the authority to control and distribute the work and to engage and discharge workers."

4—NORWAY

THE question of giving the workers a share in the management of industry was discussed in the Majority Report of the Norwegian Committee on Compulsory Arbitration, issued on November 20th 1909. In the opinion of the Committee the most effective way of preventing strikes and lockouts was to bring employers and workers into closer touch. For this purpose the Committee recommended the establishment of special organizations of employers and workers

JOINT INDUSTRIAL ORGANIZATION

which should intervene in the event of trade-disputes; but it rejected the proposal to create permanent Works Committees, Labour Councils, and Labour Chambers. It held that such organizations were not required in Norway; they might be useful in large countries where the differences between the classes were great, but they would appear artificial in a pronouncedly democratic country like Norway where the workers had no difficulty whatever in negotiating with their employers.

The Government, however, seems to have been of a different opinion in 1915. In the Memorandum on the Conciliation and Arbitration Bill it made the following statement on the question of establishing permanent Works Committees: "It may be doubtful if such Committees can abolish all causes of dispute, but it is probable that much of the existing tension between employers and workers could be relieved by these Committees, and this is sufficient reason for their establishment."*

In December 1918 a Royal Commission was appointed for the purpose of inquiring into the question of profit-sharing for Labour. The Social Department, however, in a Memorandum dated December 6th giving the reason for the appointment of the Commission, made the astonishing statement that the inquiry would include also an investigation "into the equally important question whether the workers would be able to secure the right to influence the management of industry, and to what extent." The result was that the Commission made an inquiry into, and reported on, the question of joint industrial organization, ignoring the problem of profit-sharing. The Commission on profit-sharing must therefore be regarded as a Commission on joint industrial organization, and on January 22nd 1919 it took the name of the *Commission on Labour of 1918*.

On September 24th 1919 the Majority of the Commission issued their report. They recommended the establishment of joint industrial organizations in industrial and commercial enterprises employing more than ten workers or employees and carrying on business for at least two months every year. There should be formed: (1) *Shop Councils* for each workshop, (2) *District Councils* for each town or country district, and (3) an *Industrial and Commercial Council* for all trades throughout the country.

(1). The Shop Council should be composed of three representatives of the employer, three to nine representatives of the clerks, and three to nine representatives of the manual workers. The exact number of representatives in the two latter cases should be decided by the District Council. The Shop Council should have, on the one hand, *advisory and controlling authority* in matters relating to the

* Proposition No. 38 in the Odelsting, 1915.

LABOUR POLICY

observance of legal regulations, trade-disputes, apprenticeship, sanitation- and safety-conditions, the regulation of work etc. ; and, on the other hand, *the right of decision* in matters relating to methods of work, machinery and improvements in this respect, wages, hours of labour and other working-conditions, discipline, the management of benefit-institutions, the appointment of foremen, and the dismissal of clerks and workers. The authority of a Shop Council could be extended by an order of the Industrial and Commercial Council. The Shop Council should meet regularly once a month. If the Council could not come to a decision on a certain matter the question should be referred to the District Council.

(2) The District Council could be divided into as many different divisions as there were trades in the district, the Government to decide the number of these Divisions. Each Division should be composed of a chairman, appointed by the official municipal authority of the district, and three other members, of whom one should be nominated by the employers, one by the clerks, and one by the workers of the industry or trade concerned. The District Council *in plenum* should have the right to refuse permission for the establishment of any new industrial enterprise which intended to employ ten or more workers. Its first function, therefore, was to deal with applications for permission to establish such enterprises. An application of this sort should be rejected if the Council found that the applicant did not possess either the necessary personal qualifications or capital for carrying on the proposed business successfully, or if the enterprise would be opposed in any way to the interests of the community. The granting of the application should be made dependent upon certain conditions imposed in order to safeguard the interests of the workers, the staff, and the consumers. The District Council should also make recommendations on matters of common interest to the industry and trade of the district and for the prevention of unemployment. The Divisions would have to deal with and decide matters referred to them from the Shop Councils.

(3) The Industrial and Commercial Council should also be divided into Sections for each industry according to the decision of the Government. The chairman should be appointed by the Government and act as the chairman of each Section. The other members should include one representative of the employers, one of the personal and clerical staff, and one of the workers ; and two representatives of the consumers, the latter to be nominated by the Storting. The Council should inquire into, and report to the Government on, matters of common interest to the industry and trade of the whole country. It should also draw up regulations determining the authority of the Shop Councils. The Sections

JOINT INDUSTRIAL ORGANIZATION

should report on the conditions in their particular industry or trade and work for the development of its technical resources, the use of inventions, and the improvement of the methods of work. The Sections should also deal with and decide matters on which the District Councils could not come to an agreement.

These were, in the main, the recommendations of the Majority of the Commission on Labour. The Report met with strong opposition, even from the Radical Members of the Storting. To give power of decision on all the more important matters affecting or relating to the management of industrial enterprises to a body composed of eighteen representatives of employees and workers and of only three representatives of the owners, was considered a very dangerous interference with private ownership of which the consequences could not be foreseen.

The Minority Report was issued on January 16th 1920. It contained a detailed criticism of the Majority Report and argued that the scheme embodied in it would inevitably result in a diminution, instead of an increase, in production ; it also contained a series of alternative proposals which were mainly as follows :

In each industrial enterprise employing fifty or more workers an *Industrial Council* should be established, and should be composed of three representatives of the employers and four to fifteen representatives of the clerks and the workers. The number of the representatives should be fixed, within this limit, in proportion to the respective numbers of the clerks and the workers. The object of the Industrial Council should be to work for the establishment of friendly relations between employers and workers. The Council would be a purely advisory body. Among the matters on which it would have to make recommendations may be mentioned :—

1. The observance of laws and collective agreements and administrative regulations relating to the work and working-conditions.
2. Working regulations.
3. Payment of wages.
4. The more important changes in the management, as for instance the introduction of new methods in so far as these changes concern the working-conditions ; and technical improvements of different kinds.
5. Conditions which are calculated to diminish output.
6. Trade-disputes referred to the Council.
7. Complaints arising out of dismissals of staff or workers.
8. Complaints as to reduction of wages.
9. Compensation for destruction of machinery or material.
10. Sanitation- and safety-conditions.

LABOUR POLICY

11. Establishment and management of benefit-institutions for the good of the workers, as for instance houses for workers and employees, club-premises, libraries, baths, schools, sick- and burial-funds.
12. Apprenticeship.

It should be the duty of the employer to supply all information relating to the above matters provided its disclosure did not injure his business.

The Minority did not believe that Industrial Councils could be formed effectively in Norway by voluntary measures, as in England. They feared that if attempts were made to establish the Councils voluntarily "the workers would be suspicious if the employers approved the establishment of Industrial Councils, and, on the other hand, the employers would be equally suspicious if the employees and workers desired or agreed to such action."* If the Councils were established by law there would, in their opinion, be no reason for any suspicion on either side. These arguments are not in themselves sufficient to account for the probable failure of a voluntary system in Norway. The real reason why a voluntary system would be less successful in Norway than in the United Kingdom is undoubtedly that the influence of the British Government over public opinion is far greater than that exerted by the Norwegian Government. This is why a voluntary measure recommended by the Government wins the approval of the individuals concerned more easily in the United Kingdom than in Norway.

The Social Department prepared a Bill on Works Committees in industrial enterprises, chiefly on the lines laid down in the Minority Report. The scheme proposed in the Bill was intended to be only temporary, and to be replaced at a later date by a more detailed system. The main provisions of the Bill were as follows :

There shall be established Works Committees in industrial enterprises employing fifty or more workers, on the condition that at least one fourth of the workers demand it. The Works Committees correspond to the Industrial Councils proposed by the Minority Report except that they do not represent clerks and foremen. Their object and functions are, however, the same. The Committees are thus purely advisory bodies, but it is the duty of the employer to ask for the advice of the Works Committee established in his enterprise before he takes any steps in matters with which the Committee is empowered to deal. Disputes between an employer and the Works Committee as to whether a certain matter comes under the authority of the Committee or not have to be decided by the Government, or

* *Report of the Minority of the Royal Commission on Labour, 1920, p. II.*

JOINT INDUSTRIAL ORGANIZATION

by persons appointed by the Government for this purpose. No provisions are made for imposing penalties in the event of the law being violated. The Bill was carried by the Storting on July 22nd 1920, and was subsequently promulgated.

During the debates on the Bill Herr Lian, of the Labour Party, approved of the proposed reform as a temporary measure which, in his opinion, would be a good preparation for a more sweeping reform. Herr Knudsen, the ex-Premier, stated that he had practised the system for a long time in his own enterprises and that it had worked satisfactorily. He was opposed to giving the Works Committees any power of decision on the ground that when this had been done in Russia it had proved impracticable.*

The opposition in Norway to the Law on Works Committees has not been directed against any particular provision, but against the whole measure which, it is feared, will be the first of a series of reforms giving the workers more and more influence in the control and management of industry. The statements both of the Government and of the Labour Party prove that this fear is well-grounded.

In fact the reform most feared is the establishment of Joint Industrial Councils with the power of decision. Asked its opinion on such a reform the General Associations of Employers declared (October 6th 1920): "The question of introducing Joint Industrial Councils in Norway is as yet only in a preparatory stage. Naturally the Association considers such Councils as a hindrance to the development of industry." This can certainly be taken as the general attitude of Norwegian employers on the question, and since their political influence is very great—several of the leading politicians in the Storting are large employers—it does not seem probable that Joint Industrial Councils with the power of decision will be established in Norway in the near future.

5—DENMARK

THE Danish Government has not taken any measures in the direction of giving workers control of industry. Proposals to this end have emanated only from the Social Democratic Party. They are embodied in a Bill providing for "the participation of Labour in the management of industrial enterprises." The provisions of the Bill are in the main as follows:†

In every industrial enterprise or undertaking employing more than five adult workmen the workers shall have the right to a voice

* *Tidens Tegn*, July 19th 1920.

† *Report of the Social Democratic Party*, 1919, pp. 53 seq.

LABOUR POLICY

in the management on questions relating to, (1) collective agreements, (2) the protection of labour, (3) the engagement and dismissal of foremen and workers, (4) the annual balance sheet of the enterprise. Further, it shall be the duty of the employers to furnish all information necessary for a complete understanding of the economic position of the enterprise.

There shall be established for each enterprise a *Committee of Control*, composed of workers actually employed in the enterprise and of representatives of the trade-union to which the workers of the enterprise belong, in equal numbers. The organization and functions of these Committees shall be decided in detail by collective agreements between the General Association of Employers and the National Confederation of Trade Unions. In the event of these bodies not being able to agree the matter shall be referred to a National Trade Council, the decision of which shall be legally binding. This Council shall be composed of sixteen members, four of whom shall be appointed by the Diet; the remaining members and the chairman shall be appointed by the Minister of the Interior. The chairman and four of these members shall be independent; the others shall be appointed from representatives nominated by the Board of Industry, the Co-operative societies, the General Association of Employers, and the National Confederation of Trade Unions.

The Social Democratic Party did not make a secret of their intention to use the proposed scheme as a preparation for, and stepping-stone to, the nationalization of industry. Their fantastic ideas of the working of the scheme, as laid down in a Memorandum explaining the Bill, also go to prove that legislation in the proposed direction might be a more adventurous undertaking than one would imagine when first reading the Bill.

6—GREAT BRITAIN

JOINT industrial organizations of employers and workmen are not new in British industry. Such bodies were in existence long before the War, and in 1913 as many as 195 Joint Boards and Committees took action with the knowledge of the Board of Trade.* But it was only towards the end of the war-period that joint industrial organizations were established on a large scale.

There is no doubt that the policy pursued by the British Government with regard to reconstruction has been influenced largely by the work of the *Garton Foundation*, of which Sir Richard Garton

* A. W. Kirkaldy, *Labour Finance and the War*, London, 1916, p. 33.

JOINT INDUSTRIAL ORGANIZATION

the Earl of Balfour, and Viscount Esher were the trustees in 1916. In May 1916 this organization issued a *Memorandum on the Industrial Situation after the War* which was circulated privately among employers, representatives of Labour, and public men of all parties. The first public edition of the Memorandum appeared in the following October, and a second edition was issued in January 1919. It is a work of remarkable value and the principles laid down by it have been followed largely in the reports of the Whitley Committee. The main principles were as follows :—

a. "The first necessity of the industrial situation is great efficiency of production. In order to meet the difficulties created by the War, to make good the losses of capital, and to raise the standard of living amongst the mass of our people, we must endeavour to increase both the volume and the quality of output.

b. In order that this result may be obtained without detriment to the social welfare of the community, it must be sought for rather in improved organization and the elimination of waste and friction than in adding to the strain on the workers, and must be accompanied by a change of attitude and spirit which will give to industry a worthier and more clearly recognized place in our national life.

c. This can only be accomplished if the sectional treatment of industrial questions is replaced by the active co-operation of Labour, Management and Capital to raise the general level of productive capacity, to maintain a high standard of workmanship, and to improve working-conditions.

d. It is essential to the security of such co-operation that Labour as a party to industry should have a voice in matters directly concerning its special interests, such as rates of pay, and conditions of employment. It is necessary to create adequate machinery both for securing united action in the pursuit of common ends and for the equitable adjustment of points which involve competing interests. This machinery must be sufficiently powerful to enable both sides to accept its decisions with confidence that any agreement arrived at will be generally observed."*

Besides this Memorandum several more or less important schemes for the establishment of joint industrial bodies were drawn up at the same time. Of these schemes that framed by Mr. E. T. Good is perhaps the best known.†

In March 1916 the British Government appointed a Reconstruction Committee to draw up a scheme for the reconstruction of industry after the War. The following October the Committee appointed a sub-committee on Relations between Employers and

* *Memorandum* § 153.

† *Chambers Journal*, October 21st 1916, pp. 746-749.

LABOUR POLICY

Employed which was composed of representatives of the Government, of employers, and of workers, under the chairmanship of Mr. J. H. Whitley, the present Speaker of the House of Commons. The terms of reference of the Whitley Committee were :

1. "To make and consider suggestions for securing a permanent improvement in the relations between employers and workmen.
2. "To recommend means for securing that industrial conditions affecting the relations between employers and workmen shall be systematically reviewed by those concerned, with a view to improving conditions in the future."*

The Committee issued its first report on March 8th 1917. This report, generally known as the Whitley Report, was the most important of the reports issued by the Committee, and dealt particularly with the relations between employers and employed in trades where representative organizations existed on both sides. The Committee laid special stress on its opinion that adequate organization for both employers and employed was an essential condition for securing a permanent improvement in their relations to each other. The proposals outlined in the report therefore depended for their ultimate success upon the existence of such organizations.† It is instructive to notice that the Committee refrained deliberately from making suggestions or offering opinions with regard to such matters as profit-sharing, co-partnership, or particular systems of wages, partly because it would be impracticable to make any useful general recommendations on such matters, having regard to the varying conditions in different trades, and partly because "a permanent improvement in the relations between employers and employed must be founded on something other than a cash basis." What was wanted, in the opinion of the Committee, was "that the workpeople should have a greater opportunity of participating in the discussion about the adjustment of those parts of industry by which they are most affected."

The Committee recommended first of all the establishment for each trade of a National Industrial Council composed of representatives of employers and workpeople. Its object should be the regular consideration of matters affecting the progress and well-

* *Interim Report on Joint Standing Industrial Councils*, cd. 8606, 1917, p. 7.

† British employers before the War were organized more loosely, but during the War associations of employers have been centralized and have gained considerably in membership. In 1916 the *Federation of British Industries* was formed. It is the central organization of employers. In Oct. 1918 it represented 17,000 firms, a capital of £5,000,000,000, and 4,000,000 workmen. Some firms are affiliated directly to the Federation, while others are affiliated to *local associations* or *national associations* of their own trades, while these in turn are affiliated to the Federation. *Report of the European Commission*, pp. 94 seq.

JOINT INDUSTRIAL ORGANIZATION

being of the trade from the point of view of all those engaged in it, so far as this was consistent with the general interest of the community. Further, the National Council should promote the creation of, (1) District Councils for the trade in the various districts, composed of representatives of employers' associations and of trade-unions ; and (2) Works Committees for the particular works within the trade, composed of representatives of the management and of the workers employed in the works. These bodies should co-operate with each other and with the National Council. The respective functions of the three organizations would be determined separately in accordance with the varying conditions in different industries. Among the questions with which the joint industrial bodies should deal the Committee selected the following for special mention :—

- (I) The better utilization of the practical knowledge and experience of the workpeople.
- (II) Means for securing to the workpeople a greater share in and responsibility for the determination and observance of the conditions under which their work is carried on.
- (III) The settlement of the general principles governing the conditions of employment, including the methods of fixing, paying, and readjusting wages, having regard to the need for securing to the workpeople a share in the increased prosperity of the industry.
- (IV) The establishment of regular methods of negotiation for issues arising between employers and workpeople, with a view both to the prevention of differences, and to their adjustment when they appear.
- (V) Means of ensuring to the workpeople the greatest possible security of earnings and employment, without undue restriction upon change of occupation or employer.
- (VI) Methods of fixing and adjusting earnings, piece-work prices, etc., and of dealing with the many difficulties which arise with regard to the method and amount of payment, apart from the fixing of general standard rates which are already covered by paragraph (III).
- (VII) Technical education and training.
- (VIII) Industrial research and the full utilization of its results.
- (IX) The provision of facilities for the full consideration and utilization of inventions and improvements designed by workpeople, and for the adequate safeguarding of the rights of the designers of such improvements.

LABOUR POLICY

- (X) Improvements of processes, machinery, and organization, and appropriate questions relating to management, and the examination of industrial experiments, with special reference to co-operation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them.
- (XI) Proposed legislation affecting the industry.

The Committee pointed out that the alleged danger of anti-social actions on the part of the Industrial Councils did not exist, because the Councils, in their work of promoting the interests of their own industries, would certainly have regard for the national interest. For this reason the Committee did not consider it necessary to devise special measures to safeguard the interests of the community against such actions.

With regard to the way in which the report should be carried into practice the Committee recommended that the Government should not begin by having recourse to legislation, but should put the proposals of the report before the existing organizations of employers and workpeople, and request them to adopt such measures as were needful for the establishment of the joint industrial bodies recommended in the report. At a later stage, however, it might be desirable to give the sanction of law to the agreements made by the Industrial Councils, but the initiative should come from the Councils themselves.

On October 18th 1917 the Whitley Committee issued a supplementary report on Works Committees,* and a second report on Joint Industrial Councils,† dealing with unorganized and semi-organized industries.

In the supplementary report the Committee defined more fully the functions of Works Committees, the establishment of which had been recommended in the first report. The Committee laid special stress upon the fact that the setting up of Works Committees, without sufficient co-operation with the trade-unions and the employers' associations in the trades concerned, would stand in the way of the improved industrial relationship which the Committee endeavoured to promote. For the same reason warnings were given against introducing into unorganized and semi-organized trades any scheme of Works Committees which could be used in opposition to Trade Unionism. For guidance in forming Works Committees the Committee referred to a Memorandum on Works

* Cd. 9001.

† Cd. 9002.

JOINT INDUSTRIAL ORGANIZATION

Committees under preparation by the Ministry of Labour.* For the rest, the supplementary report contained repetitions of the principles laid down in the first report.

In the second report the Committee classified the industries of the country in the following three groups :

GROUP A. Industries in which organization on the part of employers and employed is developed sufficiently to render their respective associations representative of the great majority of those engaged in the industry. (Organized industries).

GROUP B. Industries in which, either as regards employers or employed, or both, the degree of organization, though considerable, is less marked than in Group A. (Semi-organized industries).

GROUP C. Industries in which organization is so imperfect that no association can be said to represent adequately those engaged in the industry. (Unorganized industries).

The first report dealt with industries under Group A., while the second report confined itself to industries under Groups B. and C.

The Committee suggested that in semi-organized industries one or two official representatives should be appointed to assist in the formation of a National Industrial Council, and that, after the establishment of the latter, they should continue to act in an advisory capacity and serve as a link between it and the Government. It was proposed also that, in industries where a National Industrial Council could not be established, District Councils should nevertheless be formed in certain areas which were suited for this purpose.

In unorganized trades Industrial Councils should not be established ; but in such industries the Trade Boards should, in addition to their original function of fixing minimum-wages, have also power to deal with other questions relating to wages and hours of labour, and to make proposals to the Government on matters affecting the industrial conditions or general interests of the trades concerned. The Committee suggested that this point should be provided for by special legislation. In accordance with this proposal the Trade Boards Act, 1918, extended the scope of Trade Boards in unorganized industries so as to include several of the functions of Industrial Councils.

* This Memorandum, which was published in March 1918, constitutes an inquiry into existing Works Committees. Its object was to present the facts as accurately as possible, and to point out the various difficulties which had been encountered and the various methods which had been devised to meet them. Ministry of Labour *Industrial Reports, No. 2 Works Committees, 1918.*

LABOUR POLICY

Finally, the Committee proposed legislation empowering the Minister of Labour to establish Trade Boards on which Industrial Councils should be represented, and to constitute an Industrial Council as a Trade Board under the Trade Boards Act, 1909. These proposals, however, were strongly disapproved of by the Minister of Labour and the Minister of Reconstruction, and were therefore never acted upon by the Government.*

The Whitley Committee issued two more reports; one on Conciliation and Arbitration† recommending that a standing Arbitration Council should be established and that recourse to arbitration should be voluntary; and one, the Final Report, summarizing the previous reports and urging their adoption on the widest possible scale.‡

The Government in the main followed the recommendations of the Whitley Committee. In July 1917 the Ministry of Labour issued a circular letter to all the principal employers' associations and trade-unions, asking for their views on the proposals made in the Whitley Report. As a large number of these organizations declared in favour of the proposals the Government decided to adopt the Report as part of its policy of reconstruction. Accordingly the Ministry of Labour on October 20th sent a new circular letter to the above organizations formally requesting them on behalf of the Government to consider the question of carrying out the recommendations of the Whitley Report in so far as they were applicable to the several industries. The Ministry declared its willingness to give every assistance in its power in the establishment of Industrial Councils. It was stated further that the Councils would be recognized as "the official standing Consultative Committees to the Government on all questions affecting the future of the industries they represented," and that they would be the normal channel through which the opinion and experience of an industry was ascertained.

These were the terms in which the Government endorsed the Whitley Report. The action of the Government met with a hearty response from a great many industries all over the country. On January 1st 1919 twenty Joint Industrial Councils, representing 1,500,000 workers, were in operation, and by the beginning of 1921 seventy-one Joint Councils, representing 3,300,000 workers, were established.|| Among the trades for which such Councils had been formed may be mentioned: boot- and shoe-manufacture, bread-baking and flour-confectionery, building-trade, carpet-manufacture,

* *Cp.* their joint *Memorandum* of June 7th 1918, cd. 9,085.

† Cd. 9099.

‡ Cd. 9153.

|| *Parliamentary Debates*, 1921, vol. 140, col. 2072.

JOINT INDUSTRIAL ORGANIZATION

cement-making, the making of electrical cables, electrical contracting, flour-milling, undertakings concerned with gas, goldsmiths' and silversmiths' trades, trades concerned with heavy chemicals, hosiery-trade, iron and steel-wire manufacture, match-manufacture, pottery, printing, quarrying, road-transport, tramways, vehicle-building, and woollen textiles. It must be remembered, however, that some of the most important industries, such as mining, railways, engineering, ship-building, the cotton-trade, and agriculture refused to carry out the request of the Government.* The workers in these industries, with the exception of agriculture, are organized far better than those in the trades in which the Whitley scheme was generally adopted. The organization of pottery-workers, for instance, is very unsatisfactory, and their representatives on a Joint Industrial Council can hardly be held responsible for, nor control, the actions of the workers.

The Joint Industrial Councils are purely voluntary organizations which can be brought into existence only by agreements between associations of employers and of workpeople. The only power which has actually been conferred upon them by the State is that of representing their respective trades before the Government which has recognized them as standing consultative Committees. But their functions, mechanism, and methods of working are regulated by agreements between the employers and workers concerned. The administrative expenses of the Industrial Councils are borne by the organizations which they represent, and they do not receive any financial support from the Government.

It would be wrong to say that the Industrial Councils are purely advisory bodies†, for power of control and of direct interference with the management of industry, in respect of wages, methods, improvements, and technical inventions, can be conferred upon them by their constituent bodies. The degree of power, however, depends upon the agreement between these bodies, and it can easily be taken away altogether if they disapprove of the activity exercised by the Councils.

It has been proposed in Parliament that the agreements come

* Ministry of Labour, *Industrial Reports*, 1920, No. 4 (revised), p. 3.

† One of the main functions of the Councils is the regular consideration of the wages, hours, and working-conditions prevailing in the industry as a whole. The regulations of the National Industrial Council of the Wool and Allied Textile Trade contains a clause to the following effect: that the Council shall "consider wages, hours, and working-conditions in the industry as a whole, and the fixing of standard rates of wages for similar occupations in the industry." Ministry of Labour, *Ibid.*, pp. 5-6.

LABOUR POLICY

to by the Industrial Councils should be made legally binding.* The Government, however, has not found it advisable or opportune to initiate legislation to this end, particularly as the Councils themselves have not expressed any desire that their agreements should be sanctioned by law. Moreover such legislation would necessitate a complete remodelling of trade-union law in accordance with the French type—a reform which would be of very doubtful value.

There are two points in the employers' view of the Whitley scheme which call for special attention, namely the fear of Government interference and the fear of over-great influence by the workers in the constructive work of industry. The hostile attitude of the employers towards bureaucratic interference in industry has certainly restrained the Government in its attempts to carry out the Whitley scheme. As regards the influence upon the management of workpeople the employers feared particularly the establishment of Works Committees, because the workers who formed these Committees were often extremists who endeavoured to overrule the trade-unions by carrying out an independent policy which aimed at taking over the works by violence.

It is obvious, however, that the Whitley scheme possesses also certain advantages from the employers' point of view. The Industrial Councils provide able employers with an opportunity for exercising considerable influence upon the leaders of their workers and of interesting them in the general welfare of the enterprises in which they work. The frequent personal contact between employers and workers will certainly do much to remove the bitterness of class-feeling, and will thereby restrain the workers from committing acts of obstruction and from adopting other Syndicalist methods which aim at injuring the employers.

The Federation of British Industries expressed its unqualified approval of the Whitley Reports in the following words: "Generally speaking, we think that the objects which we have in view can best be obtained by carrying out with all possible speed the recommendations of the Whitley Report. In regard to National and District Industrial Councils, where the conditions of the trade permit, these recommendations have repeatedly been approved by the Federation, and we desire once more to state in emphatic terms our approval of them, and especially of the proposals for District Councils."† The Federation, however, has opposed the proposal of the Whitley Committee to make Works Committees representative

* *Parliamentary Debates*, 1920, vol. 126, col. 949.

† Federation of British Industries, *The Control of Industry, Nationalization, and Kindred Problems*, p. 7.

JOINT INDUSTRIAL ORGANIZATION

bodies for both management and workers. In the opinion of the Federation these Committees should be composed entirely of work-people.

The Employers' Parliamentary Council regarded the establishment of Joint Industrial Councils as a great concession on the part of the employers. This is proved by the Council's endeavour to get compensation for the employers by demanding firstly, the repeal of the Trade Disputes Act, and, secondly, the repudiation by the Government of its pledge to restore pre-War trade-union conditions.*

It is clear that the establishment of Joint Industrial Councils might easily become a source of weakness to the trade-union movement. The Labour representatives on such Councils might lose touch with their trade-unions and pursue an independent policy, favouring primarily the interests of their own trade and of the workers whom they represent, and paying insufficient attention to the common interests of Labour as a class opposed to Capital. This, from the Labour point of view, is an argument against the adoption of the Whitley scheme. It must be remembered, however, that the Government advocacy of the establishment of Industrial Councils has led to a great increase both in the number of trade-unions and in their aggregate membership.

It has been objected by organized Labour that, although the aim of the Whitley scheme is to give the workers a greater share in and responsibility for the settlement and observance of the conditions under which their work is carried on, it does not provide or suggest any means by which this end can be secured. It is interesting to notice, however, that the Guild Socialists generally are in favour of the establishment of Industrial Councils, because the workers' representatives on these Councils will, it is assumed, acquire a thorough knowledge of and insight into industrial management—acquirements which, it is hoped, will be extremely useful when the time comes to create and organize National Guilds.

The Parliamentary Committee of the Trade Union Congress has been in favour of the Whitley reports in so far as their application remains voluntary, and the Trade Union Congress itself has declared in favour of the general principles of the reports.

Although not established on the initiative of the Government the *National Alliance of Employers and Employed* is of too great importance to be disregarded in this connection. This organization of employers, trade-unions, individual companies, and firms was formed in November 1917. The Alliance is organized in Local Committees, District Committees, and Federations, on geographical or industrial lines. The Executive Council of the Alliance is com-

* *Labour Year Book*, 1919, p. 253.

LABOUR POLICY

posed of twelve representatives of employers and twelve of workers.

The object of the Alliance is to secure efficiency of production and to promote co-operation between employers and workers as well as the general welfare of the working-classes. It publishes an official organ entitled *Unity*. The following principles laid down by the North London Committee of the Alliance call for special attention:—(1) Capital and Labour are morally and economically partners in industry. (2) The rewards rightly due for services rendered are as follows: firstly, to Labour, a reasonable living-wage; secondly, to Capital, in respect of money secured by assets, a reasonable fixed rate of interest sufficient to secure its employment; thirdly, to Labour, 50 per cent, and to Capital 50 per cent, of the net divisible profits. (3) The term "Labour" comprises workers both by hand and brain, and includes persons employed on management.*

The Alliance played a considerable part in the organization of the National Industrial Conference which was called by the Government in February 1919 to consider problems of reconstruction. The Conference which was composed of 200 representatives of employers and 200 of workers, endorsed the Whitley scheme and proposed also the establishment of a permanent National Industrial Council for the purpose of considering and advising the Government on national industrial questions. The Government was strongly in favour of this proposal, and in December 1920 a provisional scheme for the establishment of a National Association of Industrial Councils was approved by an industrial conference convened by the Minister of Labour.

As we have seen, the promotion of co-operation between employers and employed has been the predominant feature of the reconstruction-policy of the Government. The aim of this policy has been to increase production by improving the relations between masters and men. Whether the policy of the Government in this respect has been so far successful is difficult to say, simply because we do not know how great the output would have been if no attempts had been made to bring employers and workers together. The Government scheme was approved of chiefly by semi-organized industries, the engineering, ship-building and cotton-trades having generally opposed and rejected it.† The leaders of the powerful trade-unions in these industries are not willing to surrender any of their powers by participating in the formation

* *Unity*, April, May 1919.

† However, the Mining Industry Act of 1920 (*vide* p. 511) makes provisions for the establishment of joint-organizations of the Mining Industry; and the Railways Act of 1921 (*vide* p. 518) makes similar provisions for the railways.

JOINT INDUSTRIAL ORGANIZATION

of Industrial Councils. This is greatly to be regretted, because, the Industrial Councils are well-calculated to do away with the bitterness of class feeling which is one of the worst evils of the present industrial system. There is no doubt that the general adoption of the Whitley scheme would do much in this latter direction. But for this purpose it is essential that the Industrial Councils should retain their voluntary character and be based entirely upon mutual confidence between employers and workers. The workers must realize that Capital is not opposed to the interests of Labour, and that no lasting improvement in their conditions of life can take place unless production is increased ; and the employers, on their side, must recognize their moral obligation to pay high wages when they make high profits.

In this connection a few words may be said on the questions of profit-sharing and labour co-partnership. In consequence of the adverse attitude adopted by the British working-classes towards reforms of this nature, the problems of profit-sharing and co-partnership are hardly matters of politics in England, but are simply questions of business-organizations which must be left for employers and workers to settle between themselves. However, it may be of interest to consider some of the reasons why the working-classes, and the trade-unions in particular are opposed to them.

Profit-sharing means that a certain share in the profits made by an enterprise, or by a number of enterprises, is secured to the employees of the said enterprise or enterprises, in addition to their wages, by means of an agreement with their employers.* Such a system is open to the following objections on the part of the workers and the trade-unions.

Profit-sharing schemes have sometimes been used to weaken the influence of the trade-unions over the workers by inducing the latter to enter into, or accept, individual agreements inconsistent with collective bargaining. The scheme introduced by the South Metropolitan Gas Company in 1889 was the first example of this, and the trade-unions ever since have generally opposed profit-sharing schemes.†

As a rule a scheme of profit-sharing applies to one particular enterprise. The object of the scheme then is to interest the workers in the development of the enterprise and in the increase of output and profits. It is against this idea that the opposition of organized Labour is directed. The Trade Unionists fear that the workers

* *Vide*, Ministry of Labour, *Report on Profit Sharing and Labour Co-partnership in the United Kingdom*, London 1920, cd. 544, p. 3.

† S. and B. Webb, *History of Trade Unionism*, London 1920, p. 403.

LABOUR POLICY

will become interested in the welfare of the particular enterprise in which they are employed so intimately, that they will get out of touch with the workers of other firms, and will lose interest in the Labour movement as a whole.

Naturally, profit-sharing schemes can apply also to an entire industry and organized Labour is on the whole not unsympathetic to schemes of this type.*

However, it must be noted that the workers often adopt a suspicious attitude towards their employers and refuse to enter into profit-sharing agreements on the ground that they regard it as one of the many means by which the employers exploit the working-classes. They argue that the employers would not propose profit-sharing if it were not in their interests to do so, and that their chief purpose is to gain larger profits for themselves; the workers are induced to work harder but their share of the profits earned is taken from their rightful wages.

Labour co-partnership means that the workers, in addition to having a share in the profits (which can be invested in the capital of the business in which they are employed), have also a voice in the internal management of this business.† That an effective control in the management of industry is secured in this way to the workers must obviously be regarded with sympathy by the workers. The fear felt by the trade-unions that the workers may become isolated from the Labour movement as a whole is even greater when these workers are employed in an enterprise carried on according to the principles of co-partnership than when the business is merely a profit-sharing undertaking. Mr. Webb says of partnership in business between Labour and the capitalist class: "This was so obviously, and almost avowedly, an attack on, or at least a proposal for the supersession of Trade Unionism, that it aroused the fiercest opposition; and the very idea became an anathema in the trade-union world.‡

In consequence of the opposition of the working-class, profit-sharing and labour co-partnership have not hitherto played any very considerable part in the work of industrial reconstruction nor in effecting an improvement in the relations between employers and employees.

* *Vide*, Statement of the Labour Correspondent in *The Observer*, April 11th 1920.

† *Vide*, cd. 544, 1920, p. 7.

‡ *History of Trade Unionism*, p. 653.

JOINT INDUSTRIAL ORGANIZATION

7—GENERAL SURVEY

THE idea of forming joint industrial organizations is not new either in France or Great Britain, but in the Scandinavian countries the movement towards industrial democracy has developed only recently and is largely of foreign and more particularly of British, origin.

There is a great difference between the forces which drove British employers and workers towards united action and those which started the French movement for joint industrial organization.

Years of serious industrial unrest, the break-down of the traditional policy of the trade-unions as a result of severe sacrifices experienced by the working-classes during strikes, and difficulties (arising out of this unrest) in competing with foreign industries, were circumstances which opened the eyes of both masters and men to the intolerable situation and to the impossibility of proceeding further on the old lines. The movement towards joint industrial organization gained ground, especially during the War, when employers and workers united their efforts in the common interests of the whole community, and a return to the pre-War conditions of continuous industrial unrest seemed a deterrent prospect after four years of intense strain and sacrifice. The maintenance of industrial peace therefore became the leading principle of the reconstruction work after the War. Accordingly the Government promoted the establishment on a large scale of Joint Industrial Councils, which, by affording opportunities for frequent personal contact between employers and workers, were calculated to foster a more conciliatory spirit and a better understanding between them, and thereby to do away with the root-causes of industrial unrest.

In France joint industrial organizations have existed ever since the beginning of the nineteenth century, and the first organizations of the modern type were created at the outset of the present century on the initiative of the Government. The object of the Government scheme was, first of all, to remove the existing prejudice among the employers against the workers' syndicates which they did not recognize as legal institutions and with which, consequently, they refused to enter into negotiations. This scheme was never very successful as it did not receive the necessary support from either the employers or the workpeople. Even after the War the movement towards joint industrial organization has not developed to any noteworthy extent, although the reconstruction-policy of Great Britain has been followed with great interest. It is characteristic of the French employers that they will never allow any interference with the management of their own business and their

LABOUR POLICY

own capital, and, as the workers generally refuse to co-operate with the *bourgeois* class, any scheme of joint industrial organization is doomed to failure.

For this reason, and also because after the War an immediate increase in the output of production was needed even more urgently in France than in Great Britain, the work of reconstruction has developed along entirely different lines in these two countries. While the British reconstruction-policy sought, first of all, to remedy the industrial situation from within, by a permanent improvement in the relations between masters and men, the French policy in the first instance was directed towards the introduction of Scientific Management and other measures aiming at an increase in the efficiency of production. It is too early yet to judge which policy has been the better, the British aiming primarily at a better understanding between employers and employed, or the French founded on a "cash basis." To an independent observer, however, it seems that the policy pursued in each country has been somewhat one-sided, and that a middle course between the two would have produced a better result. To ignore the necessity of improving the relations between masters and men by means other than money in a country where class-hatred flourishes, seems just as wrong as to overlook the necessity of inducing men to work harder in a country where *ca'canny* principles are gradually taking the nerve out of industrial production.

Of the Scandinavian countries only Norway has established a system of joint industrial organization, and it, unlike the British system, is based upon legal enactment. The Norwegian organizations, however, are solely advisory bodies, and there is no legal provision that prevents the employers from acting contrary to their advice. On the whole the workers have approved of the introduction of these advisory bodies as a preparation for a more sweeping reform in the direction of industrial democracy, whereas the employers are sceptical as to the value of the innovation, and repudiate absolutely the idea of introducing Joint Industrial Councils with power of decision, which, in their opinion, would be a hindrance to the development of industry. It is clear that the value of joint industrial organizations cannot be the same in Norway, where they are established by legal enactment more or less against the wish of the majority of the employers, as in Great Britain, where they have developed spontaneously out of voluntary agreements between employers and employed.

In consequence of the strong opposition from organized Labour, profit-sharing and labour co-partnership have not hitherto met with success in any of the countries under survey, but there is

JOINT INDUSTRIAL ORGANIZATION

no doubt that these forms of industrial organization may offer great possibilities for future industrial development. The opposition of Labour to-day need not necessarily continue into the future. In fact the opposition is almost too pronounced not to raise the suspicion that the Labour leaders themselves fear that the movement towards uniting the interests of employers and employed may prove fatal to the class-warfare movement. The majority of workers to-day act under the misapprehension that their interests are opposed to those of the employers, but sooner or later the rank and file will discover their mistake. Any Labour movement based upon class-envy and class-warfare is doomed to failure in the long run ; the most that can come out of it is that the *élite* of the proletariat will come into power. But this, as is sufficiently proved by historical experience and examples from Russia, does not imply an improvement in the economic conditions of the toiling masses. Class-dissensions and class-struggles must inevitably lead to a deterioration in the economic standard of the working-classes, whereas class-harmony and class-co-operation are bound to produce the opposite effect. Therefore profit-sharing and labour co-partnership, which unite intimately the interests of employers and employed, seem to offer a sound solution of the industrial problem. After all, an improvement in the economic standard of the working-classes ought to be the main object of the working-class movement as well as of future industrial reorganization, and this will, no doubt, be secured if only the systems of profit-sharing and labour co-partnership are adopted in industry on a sufficiently large scale.

CHAPTER XXVI

NATIONALIZATION OF INDUSTRIES

I—INTRODUCTION

(I) GENERAL NATIONALIZATION

It is a fact which is often overlooked that the general problem of nationalization, i.e. the taking over by the community of all the means of production and exchange, is essentially quite a different problem from the special problem of nationalizing particular industries. This difference is not only one of degree; the underlying principles of the two problems are entirely different. A general nationalization of the means of production and exchange demands the complete abolition not only of the wage-system, but of the whole existing system of industrial distribution. On the other hand, the nationalization of certain particular industries has to be accomplished under the present economic order. This difference is of great importance because, if one does not regard the complex problem of nationalization from these two aspects, it is impossible to draw any clear conclusion as to the possible efficiency of nationalized industries. If it were proved, for instance, that the efficiency of a certain industry would be increased by nationalization, how would this affect the problem of nationalization as a whole? It would neither prove that general nationalization would improve the efficiency of industry as a whole, nor even that the efficiency of the particular industry concerned would be equally high under a system of general nationalization in which the present machinery of supply and demand had been abolished.

The problem of nationalizing the whole field of industry is merely a theoretical one, practical experience being confined to the results of the general nationalization effected in Russia. In consequence of the extremely low degree of civilization in that country, it would not be fair to estimate the possibilities of general nationalization in a civilized country entirely by the results achieved in Russia. But the complete failure of the general nationalization in that country is undoubtedly a very discouraging example. It is not the object of the present chapter, however, to examine the chaotic condition

NATIONALIZATION OF INDUSTRIES

of the Russian nationalization, since the data are too unreliable to serve as the foundation for a scientific investigation. Our present object is to consider the problem of general nationalization with regard to the economic rules of society.

The socialist doctrine of the nationalization of the means of production and exchange is based, on the one hand, upon the moral principle that wealth should be distributed equally among all citizens, and on the other, upon the economic principle that the industrial order of society must be entirely transformed. But the second principle is, in its turn, based upon the assumption, not always clearly enunciated, that the efficiency of production under the new industrial order will be sufficient to raise the standard of living of the working-classes. Naturally the socialist theory stands or falls on this assumption because, if it can be proved that under the new industrial order it is possible to raise the standard of living of the workers, there is undoubtedly some justification for nationalization; but if, on the other hand, it can be shown that general nationalization must inevitably lead to a deterioration in the living-conditions of manual workers, as well as of other people, then the nationalization of the means of production and exchange is neither morally nor economically justifiable.

One of the catch-phrases by which the Socialists recommend nationalization is "production for profit must be abolished and replaced by production for use." Obviously the fact is overlooked that the organization of industry for profit is at the same time in an eminent degree an organization for use. The fixing of prices is the method by which industry is organized automatically in the most convenient manner, i.e. so as to satisfy the needs and wishes of the community in proportion to their urgency, naturally within the limits of the consumers' own resources. We will try to explain this. The price, which may be expressed in money, in goods, or in services, is regulated by and regulates supply and demand. It must be remembered, however, that supply and demand are no fixed quantities but are subject to variations in consequence of fluctuations in human needs, tastes, fashions, likes and dislikes, customs, etc. The prices, therefore, depend ultimately upon all these factors' and can be regarded roughly as the expression of individual as well as of general appreciation. The function of prices is to balance supply and demand, i.e. the prices of goods are fixed just so high that the supply of these goods satisfies the demand. In other words, the prices are made high enough to discourage the necessary number of people from buying the goods. When, therefore, the demand for certain goods increases—because they become either more necessary or otherwise more sought after—and exceeds the supply temporarily,

LABOUR POLICY

then prices go up. The sooner an employer can employ his capital for the production of goods for which the demand has increased, the higher will be the profits he can make, because the more the demand exceeds the supply, the more will the prices for which he can sell his goods exceed the cost of production, and the higher will be the margin of profit. In this way Capital, as well as Labour, is attracted automatically to the production of those goods for which the demand is greatest; and the whole of industry is directed primarily to the production of the most popular or necessary commodities, for which the demand at the time being is strongest (and from which the profit of the employers is largest) and, only secondarily, to the production of less necessary goods.

This useful and extremely efficient system is based upon the struggle of the individual enterprises for profit. The first problem to be solved in a new industrial order, established for use only, is to establish a method by which industry as a whole shall be regulated for the purpose of satisfying human needs. This is a problem which the advocates of general nationalization have not as yet been able to solve.

Is it possible that, in the event of general nationalization, the profit of the different nationalized industries could be substituted for private profit as a means of regulating industrial distribution? The answer is *no*, because competition would be entirely non-existent in nationalized industries. They would have complete control of the market and could therefore decide which supply should give them the highest profit. It is not at all certain that this supply would correspond to the real needs of the people. Take, for instance, the case of an industry producing indispensable articles of food. As in this case the elasticity of demand is very low a restriction of the supply would raise prices far above the cost of production. In this way the profits of the industry would naturally also increase, but the needs of the people would not be satisfied.

There remains, then, the alternative proposal that either each enterprise or the central organization of industry should determine the quantity of goods to be produced by the different industries. The automatic working of the present system for regulating production would in this way be replaced by a system based upon the judgment of certain individuals. Their personal estimate of human needs and wishes would become the ultimate guide in production. This would put the consumer in a very precarious position, for the satisfaction of his needs (in the way in which he desired that they should be satisfied) or their non-satisfaction would depend upon the arbitrary decision of the industrial leaders. Even if, as has often been suggested, the consumers were represented on the committees

NATIONALIZATION OF INDUSTRIES

directing industry, matters would not be improved to any great extent, because it would be impossible for the representatives of a few consumers to estimate the detailed needs of all the different consumers. There is no doubt that in this way the real interests of the consumer would be neglected, or, at any rate, represented inadequately, in addition to the fact that their personal freedom would be restricted greatly by the limitations imposed on their choice of consumption. Moreover, it would not be possible to estimate production so as to meet the needs of the people ; in some industries the volume of production would be too large, and in others too small, for the satisfaction of the many and varying human needs. Therefore general nationalization would mean not only a very serious intrusion upon individual freedom but also a terrible waste of productive power.

It is clear that the realization of any general scheme of nationalization is incompatible with private ownership. Even if the State effected nationalization by means of purchase there would remain no private property because, to enable a State to purchase the whole production, it would be necessary to confiscate by taxation all private wealth. The amount paid to employers for their business, to landowners for their land, or to shareholders for their shares, would suffice only to pay their taxes, and no private property would remain.

There is one more factor which is of vital importance in arriving at a judgment of the problem of general nationalization, and this is the question of saving. This point is overlooked very often by the advocates of nationalization. The population of most modern communities is increasing steadily. Therefore, if the wealth of the country does not increase in the same proportion, the community is bound to be gradually impoverished, and fortunes as well as wages will be reduced. It is the function of saving to increase wealth at least in proportion with the increase in population.

The abolition of private property in the Socialist Community means the abolition also of private thrift and, consequently, the reduction of capitalization. Whether capitalization can or cannot exist at all in the Socialist Community is largely a question of wages. If the workers are able to force up their wages so as to absorb the profits of production all saving will be made impossible, and by increasing population the community will gradually be impoverished. There is no doubt that the workers, in their struggle for higher wages, will always combine against the body which controls industry, though the latter represents them ; it is also more than probable that they will gain the upper hand—that is, of course, unless the controlling body is endowed with autocratic powers. Most manual

LABOUR POLICY

workers live from day to day. They generally want higher wages, not in order to save money but in order to spend it. This would naturally become a rule of universal application in a community where private thrift is abolished.

It must be remembered that of the profits made by private persons under the present industrial system a large percentage goes to the building up of new capital and to the starting of new undertakings and industries, and thereby increases the demand for labour. The increasing population finds employment in these enterprises, and the greater the saving the greater the demand for labour and the higher the wages. In this way the workers share the advantages of capitalization. It is often overlooked that only a very small part of the profits made by private employers and capitalists is consumed, i.e. rendered useless for the working-classes. "All that the millionaire can get out of life," said Mr. Carnegie, "is superior food, raiment, and shelter. Only a small, a very small, percentage of all his millions can be absolutely wasted."*

It is impossible to deny the fact, established by experience as well as by theory, that the workers ultimately benefit by the savings of the capitalists.† Nationalization, in order to distribute among the workers the profits (if, indeed, there are any) which were formerly made by capitalists, would certainly, in the long run, produce the opposite effect. The workers might be able for a short time to increase their expenditure, but in consequence of diminished saving the community would ultimately be impoverished and the wages and standard of living of the workers lowered.

There are only two possibilities offered by general nationalization as at present understood: the establishment of a "dictatorship of the proletariat," endowed with the power of making rigorous laws for forcing the workers under threat of severe punishment to work under the conditions determined by the management: and, the rule of the masses; either of these systems would rapidly enslave the workers, impoverish society, and bring the standard of living of the workers far below the present level. These are the two alternatives to the prevailing industrial system, under which the standard of living of the workers is raised gradually, in proportion to industrial development.

The substitution of an industrial system based upon the arbitrary judgment of certain individuals for the present effective system of free prices; the danger of a "dictatorship of the proletariat" which will enslave the working-classes; and the reduction of capitalization (leading inevitably to the impoverishment of the community), are

* Quoted by J. E. Barker, *Economic Statesmanship*, London 1920, p. 574.

† *Ibid* p. 149.

NATIONALIZATION OF INDUSTRIES

the three gravest objections to a system of general nationalization.

The popular objections to the nationalization of the entire industry of a country are of more or less minor importance, partly because they do not apply to all industries, and partly because their validity is dependent largely upon the way in which the nationalization is effected. The most frequent objections are that nationalization would "enthroned the rule of bureaucrats," "stand in the way of new inventions," "arrest mechanical and managerial improvement," and, finally, "paralyze individual initiative and enterprise*."

As to the first objection, it is clear that the danger of bureaucracy depends very much upon the organization of industry. In a decentralized system, with more or less self-governing enterprises, this danger is naturally far less than in a highly centralized system. A Syndicalist nationalization would not imply the same danger of bureaucratization as would a Socialist nationalization.

That nationalization would necessarily stand in the way of new inventions and arrest improvements is undoubtedly true, with certain modifications. It is clear that a system of effective rewards to deserving inventors, for instance in the form of State-pensions, to a certain extent at least would take the place of the profit obtained from private business as a means of stimulating inventions.

The extent to which mechanical and managerial improvements are made in nationalized industries depends naturally upon the business managers. There is little doubt that in certain nationalized industries managerial improvements could be effected more easily than in private enterprises, because of the centralization of the business. However, in consequence of the complete abolition of competition, the necessity for improvements in business would be felt less in nationalized than in private industries, and it is therefore probable that in the event of general nationalization such improvements would be arrested.

The last-mentioned objection, that individual enterprise would be paralyzed by general nationalization, is a truism, for nationalization means the substitution of public for private enterprises. The paralysis of individual initiative, however, is an entirely different issue. It has been pointed out often that in nationalized industries individual initiative must be far less than in private enterprises where it is stimulated by the prospect of profit. This is undoubtedly true but only to a certain extent, for the stimulating effect of the prospect of personal gain would be partly replaced in State-enterprises by personal ambition, and by higher salaries in higher posts.

All the above objections are evidently of more or less minor

* The above objections are among those summed up by Mr. Asquith in his speech at Paisley, January 29th 1920.

LABOUR POLICY

importance, and are not of general application. The most weighty objections to the entire nationalization of industry are those advanced on page 480. It must be remembered, however, that the problem of general nationalization is, as yet, only discussed vaguely by Utopians and extremists. Of far greater importance is the problem of nationalization of certain particular industries, to the examination of which we now proceed.

(2) NATIONALIZATION OF SPECIAL INDUSTRIES

IF the problem of general nationalization is fantastic and offers remote chance of solution, the same cannot be said of the problem of nationalizing certain particular industries whilst maintaining the present system of private ownership. The question of the nationalization of certain industries is one which has been earnestly discussed, not only by Socialists and trade-unions, but also by Parliament and Royal Commissions.

Every serious consideration of the problem of nationalization must naturally exclude, as inconsistent with the fundamental principles of social morality, the extremist ideas of nationalization by confiscation. The two alternative methods for effecting nationalization would therefore be direct State-purchase and the creation of Concession Laws, and these two alternatives only will be considered in the following study. By eliminating the possibility of confiscation the problem of nationalization in one sense becomes more complicated, as the financial capacity of the State to repay the owners of enterprises intended for nationalization, without thereby injuring industry as a whole by excessive taxation, must be considered. Nationalization by Concession Laws must obviously be confined to those enterprises in which the State has a direct claim to be the owner of the raw material or the means of production.

The industrial life of a modern community is so complex that the nationalization of one industry is bound to exercise a great influence upon other industries. Moreover, it is very often impossible to draw a sharp boundary between one industry and another, and it would be equally impossible to nationalize one industry without nationalizing those other industries inseparable from it. This interdependence complicates the problem of nationalization.

Concrete schemes for the nationalization of certain industries have all had in view the establishment of State-enterprises, i.e. enterprises owned by the State and controlled by a State-department. It is obvious that it would be highly inequitable towards workers of other industries if only one or a few industries were nationalized and

NATIONALIZATION OF INDUSTRIES

managed by the workers themselves. Such a system, indeed, could be effected only in the event of general nationalization.

Before entering into an examination of the definite nationalization-schemes put forward in different countries it is important to consider the question of State-enterprise in general. It is necessary not only to make clear the advantages and disadvantages of State-enterprise as compared with private enterprise, but also to set down the economic limitations of State-enterprise. Only when this has been done will it be possible to estimate the economic consequences of nationalization under a system of State-management.

The first question which arises on considering the economic activity of the State is this : if State-enterprise is economically more advantageous than private enterprise why has it not competed with it and wiped it out of existence ? There is no reason why it should not have done so, and the enormous predominance of private enterprises is at least an indictment of State-enterprise. But this circumstance by no means condemns State-enterprise always. It is an undeniable fact that State-enterprise has proved very efficient, for instance, in the case of railways, postal and telegraphic systems, water-power establishments, etc. The success of State-enterprise in these cases is based upon two important conditions, occurring singly or together, namely the necessity for national organization, and the necessity for a large amount of capital invested at a low rate of interest. The State—on account of its own strong organization, the discipline of its employees, and the power it possesses of making regulations and seeing that they are enforced—is particularly suited to control enterprises which need a strong national organization. It must also be noticed that State-initiative is sometimes absolutely essential in order to start enterprises which, though they are of national importance, need more capital than can be raised by private initiative because of the smallness of the dividends. In the case of railways strong national organization as well as large amounts of capital are needed. In England, where it is comparatively easy to raise large amounts of capital privately, the railways became private enterprises in spite of the disadvantages presented by the existence of several private railway companies ; in the Scandinavian countries, on the other hand, where capital was scarce, the necessary capital had to be raised by the State, and the railway system became a State-enterprise.

There are two reasons why the State is more suited than private persons and companies to raise large amounts of capital ; one is that the State has a wider outlook with regard to the future needs of the community than private persons who have in view merely their own immediate profit. The State, which has, or ought to have, in view

LABOUR POLICY

the development of the community for generations to come, is therefore more willing than individuals to raise capital in order to finance enterprises which, though they yield a low rate of interest, are run in the interests of the community and promote the development of the country. Typical examples of such enterprises are railways, canals, roads, and electric water-power establishments, all of which require large capital. The other reason why the State is more fitted than private persons to raise capital is that it can do so on comparatively more favourable terms. State-credit is, in normal times, better than private credit, and the State can therefore borrow capital at a cheaper rate of interest than can private persons. Private enterprises work for immediate profit and in order to satisfy in the first instance the immediate needs of the people, whereas the State looks further ahead; the object of a State-enterprise is to satisfy those future needs of the community for which private initiative is not sufficient. The boundary between State-enterprise and private enterprise naturally varies in different countries and depends upon the abundance of capital in each country.

Several arguments have been advanced against a large development of industrial and productive activity on the part of the State: for instance, that its revenues would be rendered thereby too dependent upon fortuitous circumstances, and that consequently it would be very difficult to estimate the annual budget; that the State would be diverted from its real function, the general administration of the country; that the total number of State-employees would have to be considerably increased, which would entail a restriction of personal freedom in proportion to the number of citizens brought under the direct control of the Government. All these arguments are more or less justified, but without nationalization of industries there does not seem to be any direct danger that State-enterprise will reach too large dimensions. The reason why such a fear is not justifiable is the existence of safety-valves, i.e. on the one hand, the high cost of production in State-enterprises as compared with private enterprises; and, on the other hand, the limitation of the amount of capital which can be obtained more cheaply by the State than by private persons. On the whole the object of the economic activity of the State is not to compete with private enterprises but to supplement their activity when they do not possess the necessary resources for raising large amounts of capital at a low rate of interest. It must be noticed, however, that the amount of capital obtainable at a low rate of interest is limited, and this circumstance also limits the economic activity of the State. If the State borrowed capital at a rate of interest as high as or higher than private enterprises, it would compete with these enterprises, and would, probably, in consequence

NATIONALIZATION OF INDUSTRIES

of the comparatively high cost of production, work at a continual loss which would have to be made good by taxation. In this way the economic activity of the State would reduce the aggregate result of production and sooner or later the State itself would be bankrupt.*

If it were possible for the State to compete effectively with private enterprises, i.e. to not only borrow money at a lower rate of interest than they do, but also to work at the same or a lower cost of production, the replacement by State-enterprises of certain private enterprises working under comparatively disadvantageous conditions would obviously increase the efficiency of the total production of the country. There is no absolute proof that such State-enterprises could not exist, but as already mentioned, the fact that they do not actually exist argues against their being possible.

It is impossible to form an opinion on the problem of nationalization without bearing the above circumstances in mind. It is clear that, from an economic point of view, the nationalization of an industry would be disadvantageous to the community as a whole if it infringed upon the normal domain of private enterprises. If the State bought enterprises at the capitalized value of their annual revenue, and if these enterprises when controlled and run by the State did not yield the interest on the capital-outlay, so that the deficit had to be made up by taxation, then such nationalization would mean that an intrusion had been made into the proper sphere of private initiative, and this would be a loss to society as a whole.

In conclusion, we may sum up the following points with regard to the nationalization of special industries. If the State, without increased taxation, can nationalize industries or certain large enterprises or undertakings by purchase at their full value, calculated on their annual revenue, it is proof that such nationalization does not encroach upon the sphere of private activity. In this case nationalization would entail no loss on society. But, on the other hand, if the State cannot purchase the enterprises at their full value and carry on the business without loss and without increased taxation, it proves that nationalization would imply an unjustifiable intrusion into the domain of private enterprise. Nationalization under such circumstances would impoverish society as a whole, and, in the long run, would lower the standard of living for the working-classes.

2—FRANCE

NATIONALIZATION as a means of, or an aid to, reconstruction after the War has never been taken up seriously by the French Parlia-

* *Vide*, B. G. de Montgomery, *Politique Financière d'Aujourd'hui*, Klausfeld, Vevey 1918, pp. 304-321.

LABOUR POLICY

ment. The key-note of the reconstruction-work in France has been industrial freedom.* Reform of the wage-system has been the great issue, but not nationalization.

The law dated April 21st 1810 provided that the French mines could not be exploited privately except by virtue of a concession granted by the Government.† French law makes a distinction between *sol* and *sous-sol*, the State being regarded as the owner of the *sous-sol*, i.e. the earth at a certain depth below the surface. The ownership of mines, however, can be acquired by private persons on condition that the State retains a certain control over their production.‡ Since 1910 the mine-owners have had to pay, to the State and to the Municipality in which the mines are situated, royalties amounting to 6 per cent. of the net revenue.|| By a law dated September 9th 1919 it was enacted that all new concessions for the working of mines should be granted for a period of 49 or 99 years, and that the workers employed in the mines, as well as the State, should participate in the profits.

In France the Economic Council of Labour plays a most prominent part in the struggle for nationalization. This body, which is composed of representatives of the C.G.T., the National Federation of Co-operators, the Federation of Employees, and the Syndicate of Technical Experts, has drawn up a scheme for the nationalization of the French mines.

It is interesting to notice the line of argument taken by the Economic Council on the question of the method by which nationalization of the mines ought to be effected. There are only two ways, it says, the peaceful and legal one, and the way of force. Although the Economic Council is a Syndicalist body, and consequently does not recognize the present *bourgeois* State, it declares itself in favour of legal acquisition. It prefers legal measures for accomplishing nationalization, not only because bloodshed and disaster will be avoided by adopting them, but also because it seems to be the most natural way, based, as it would be, upon the principle "that a country can always change and amend its own laws as much as and when it pleases."¶ The French Parliament should simply take back the concessions given by the Government to private persons, and for this reason there could never be a question of purchasing the

* *Vide, Report of the Permanent Committee on Unemployment, Paris, February 14th 1920, p. XI.*

† Art. 5.

‡ Art. 47-50.

|| *Lois du 8 Avril 1910 concernant les redevances des mines.*

¶ Conseil Economique du Travail, *La Nationalisation des Mines*, Paris 1920, p. 13.

NATIONALIZATION OF INDUSTRIES

mines themselves (for they belong in reality to the State) but only of buying the plant used for the carrying on of the business.

The Economic Council draws a distinction between *étatisation* and *nationalisation*. An enterprise is considered to be *étatisée* when it is placed under bureaucratic management. So, for instance, the Post Office and the State-managed production of matches, china, etc., are considered as *étatisées*. On the other hand an enterprise is regarded as *nationalized* when it is worked, not with a view to profit or for the distribution of dividends, but to satisfy the needs of the community as a whole by producing the greatest quantity of a commodity at the lowest price; in the opinion of the Economic Council the above object can never be realized by an enterprise run on bureaucratic lines. The following declaration is typical of the opinion of the Economic Council in this respect: "Bureaucracy, with which the 'patron' State surrounds itself, has shown its true worth, and, alas! the result has proved to be utterly unfavourable. Too many irresponsible organizations, which stand in each others way, too many scribblings; lack of initiative; nothing which indicates activity, clear-sightedness, and the broadness of views necessary to the rapid changes which are essential for the profitable adaptation of all the elements of progress towards a successful economic struggle."*

The scheme proposed by the Economic Council for the nationalization of the French mines has in view, therefore, the avoidance so far as possible of a bureaucratic management of the mines. The general principles of this scheme may be summarized in the following way:—

The mines should be exploited exclusively for the benefit of the nation and not for the profit of private individuals.

The legitimate interests of shareholders should be respected. This means that the shareholders should get some compensation for machinery, houses, and other capital used in connection with the mines, but not for the mines themselves.

Mining-policy should be placed in the hands of joint bodies composed of producers (workers and technical experts), consumers, and manufacturers belonging to different industries.

The development of the mines and the investment of new capital should have in view, exclusively, the general interests of the community.

In order to realize the above principles the Economic Council has made the following recommendations with regard to the administration and organization of the mining-industry; they were em-

* Conseil Economique du Travail, *Ibid*, p. 12.

LABOUR POLICY

bodied in a Bill presented to the French Parliament in 1920. The main provisions of the Bill are as follows* :—

The entire administration of mines and mining-research shall be vested in the *Régime National des Mines* (National Mining Board). The administration shall comprise : (1) A Council of General Management ; (2) Councils of Regional Administration ; and (3) A Staff of Works and Local Research.

(1) Council of General Management.—The Council shall comprise 45 members appointed as follows :—

- (a) Fifteen representatives of producers, eight of whom shall be nominated by the National Federation of Mines and Allied Workers, and seven by a National Organization to be formed consisting of mining-engineers and technical experts.
- (b) Fifteen representatives of consumers, five of whom shall be nominated by the National Federation of Distributive Co-operative Societies, and ten by and from representatives of prominent groups of consumers (transport, metal-trades, and agriculture). Half of the latter shall be chosen by Chambers of Agriculture, Chambers of Employers, and Chambers of Commerce ; the other half shall be chosen by workers' organizations in the above industries.
- (c) Fifteen representatives of the economic interests of the community, who shall be appointed by the General Council of National Economy when formed.

The Council shall possess the full powers of a joint-stock company ; it shall administer completely the working of the mines and shall be supported morally by Labour organizations. The General Council shall appoint a managing director and four directors, who shall compose the general executive body. The executive shall appoint an administrative staff consisting of technical officers and managers.

(2) Councils of Regional Administration. France, Algiers, and the Colonies are divided into mineralogical districts. At the head of each district is a Council consisting of 15 members. The members of Regional Councils shall be nominated as follows :—

- (a) One-third by a producers' group, including workers and technical experts. Three shall be workers and two shall be technical experts.
- (b) One-third by a consumers' group ; two to be nominated by co-operative retail societies, and two by prominent industrial consumers (transport, etc.). One of the latter shall be nominated by the Chambers of Agriculture and Commerce, and one by the local miners' organization. (The method of appointing the fifth member is not specified.)

* Quoted from *Labour Overseas*, 1920, p. 106.

NATIONALIZATION OF INDUSTRIES

- (c) One-third by the General Council. The five appointed in this way shall maintain communications with the General Council.

The members of both Councils outlined above—(1) and (2)—are appointed for a period of four years.

Most undertakings are to work on the three-shift system, each shift working eight hours. Unhealthy or particularly dangerous work is to be carried on by four shifts, working six hours each. A rest-period of thirty minutes is allowed in each shift. Working-hours may be reduced under certain circumstances, through the introduction of technical improvements, etc.; but under no circumstances can working-hours be increased.

This Bill has been rejected by the Chamber of Deputies.

As regards the nationalization of railways France has already had some experience, for the State purchased and took over the management of the western railway system in January 1909. The passing of the Act which authorized the Government to do this was a great success for the Socialist and Radical Parties in the French Parliament. It may be noticed that the Bill had already been carried by the Chamber of Deputies in 1906 but had been rejected by the Senate. The Bill was again before the Senate in June 1908, and when the Premier, M. Clemenceau, threatened to resign if the Bill were rejected, the Senate gave way. This Socialist success, however, was not of much real value, as the experience gained from this experiment in State-management did not augur well for nationalization in general. In fact, this particular railway system had always been more or less unrenunerative because a large part of it served thinly populated districts. The French Government, which guaranteed a certain dividend on the shares of all French railway companies during the period 1899-1908, had to pay an average sum of £580,000 a year to the shareholders in the Western Railway Company. Since the Government took over the control this sum was gradually increased, and amounted to £3,000,000 in 1912. Other unhappy results of State-management were a lack of discipline on the part of the railway employees, an increase in the number of accidents, a decrease in the speed of the trains, and an increase in their unpunctuality.*

The unfortunate experience of the nationalization of the western railway system kept the question of nationalization in the background for a considerable time. It was not until after the War that the

* W. M. Acworth, *Historical Sketch of State Railway Ownership*, London, 1920, pp. 29 seq.

LABOUR POLICY

question again came to the fore and began to be discussed seriously. The French railway system after the War was, not unnaturally, very badly disorganized, and the syndicates of railway-workers recommended nationalization as the only possible way out of the difficulties.

The Government, however, has gone into the question of re-organizing the railways without change of ownership. Its proposals are embodied in a convention concluded between the State and the six railway companies on June 28th 1921 and sanctioned by law on the 29th of the following October.

According to this scheme, there shall be established a Board of Directors composed of three delegates representing the State and each of the six railway companies : the functions of this Board will be to deal with questions of interest to the several lines or to the whole railway system generally. An Advisory Council will also be set up ; it will be composed of the members of the Board of Directors together with representatives of the State, commerce, industry, and agriculture. Further, there shall be established a system for the unification of profits and charges on all French railways.*

The failure of the State-management of the western railway system in France has often been used, both in the French and in the British Parliaments, as an argument against the nationalization of railways. It cannot be denied that the example of France speaks against nationalization. But the failure of the French experiment must be considered in the light of the difficulties prevailing on the western railway system. It would therefore be misleading to draw far-reaching conclusions from the French experience of State-management, particularly as examples of other countries have clearly proved that management by the State is compatible with efficiency of service and administration.†

In conclusion a few words must be said about public control of the use and development of water-power resources in France. The character and extent of this control is regulated by the Water Power Act, 1919. This Act prohibits the establishment of water-power stations without the consent of a public authority ; in the case of large establishments (of an estimated capacity exceeding 50,000 Kilowatt) this authority shall be Parliament ; in the case of smaller establishments the authority shall be the Council of State or the Prefect. In all cases the opinion of the General Councils of the departments directly interested must be heard. The period for

* According to information supplied through the courtesy of the Director of the *Compagnie du Chemin de Fer d'Orléans*.

† Sweden and Switzerland are good examples in this respect, although, in consequence of high wages and the high cost of coal during and after the War, they have been carried on at a loss, like the railways of most countries.

NATIONALIZATION OF INDUSTRIES

which concession is granted may not exceed 75 years, but may be renewed for another 30 years.

The *concessionaire* has to reserve water-power for public services and to supply local consumers up to a total amount not exceeding one-fourth of the aggregate power produced by the establishment, the reserved power to be paid for by the users at certain specified rates. At the termination of the period of concession the immovable plant of the undertaking, such as lands, banks, buildings, and machinery, becomes the property of the State without any compensation to the *concessionaire*. Further, the Act provides that the deed of concession must contain guarantees for the proper maintenance of the undertaking ; and that, during the last five years of the concession-period the *concessionaire* may be required to carry out certain specified works for the State ; this provision is also calculated to secure the upkeep of the establishment.

Particularly since the War the French nation has begun to realize that the utilization of the *houille blanche* would be a great economic asset to the country, whilst at the same time the development of the French water-power supply has also begun to assume large dimensions. As we have seen, Parliament has established an effective control over this development, by legal enactment, and has ensured that the water-power resources of the country shall be used for the benefit of the whole community.

3—SWEDEN.

THE ownership and control by the Swedish State and Municipalities not only of the postal, telegraphic and telephonic systems, but also of the railways, canals, gas and electricity-works, tramways, vast estates, forests, mines, and electric water-power stations, places the problem of nationalization in quite a different position to that which it holds in most other countries. Without in any way encroaching upon the rights and property of private persons the Swedish State has already solved many of the problems of nationalization which in other countries are the subject of political controversy and agitation. It is somewhat remarkable that the extension of State-ownership and management has not been effected in Sweden by a Socialist or Radical majority of the Diet but by all political parties in conjunction. In consequence of the already large extension of State-ownership the problem of nationalization becomes at the same time more difficult and more delicate than in countries where those enterprises which are most adapted to State-management are not yet nationalized.

LABOUR POLICY

The programme of the Social Democratic Labour Party adopted by the Congress of February 1920 contains the following clause* :—
“ All natural wealth, industrial enterprises, banks, means of transport and communication which are necessary for the establishment of a systematic social order, should be transferred to the community. The nationalized enterprises should be placed under competent control with adequate guarantees against bureaucratic management. Workmen and consumers should participate in the management of the State-enterprises. State-control should be established over all enterprises which remain in private possession.” This clause shows that the Swedish Social Democratic Labour Party does not claim the entire nationalization of industry, but only of those undertakings which are necessary for the establishment of a “ systematic social order.” The “ Programme Committee ” of the Party, reporting on the question of nationalization, explained that the enterprises concerned were those which represented a monopoly.† They were ripe for nationalization. The large banks also were considered to have reached this stage. But large sections of industry had not yet attained a sufficiently high state of development to warrant nationalization. The means of transport and communication are already, with very few exceptions, owned by the State, so that the demand for their nationalization seems unnecessary. But what the Socialists are really aiming at is democratic management of these enterprises.

In fact all State-concerns in Sweden are organized on bureaucratic lines. The above “ Programme Committee ” stated emphatically, therefore, that State-management in its ordinary *bourgeois* form must be abolished and replaced by self-governing industries in the management of which all the different interests of the community should be represented. The Committee did not, however, make any recommendations as to the form such management should take. It is clear that in Sweden, where State-ownership and management have already been extended so as to include a large number of undertakings, the problem of nationalization must be bound up intimately with the problem of the “ democratization ” of industries that are already nationalized.

The desire of participating in the management of the enterprise in which they are employed is perhaps strongest among the railway-workers. The State-management of the Swedish railways has proved highly satisfactory, partly, no doubt, owing to their immunity from strikes. Railway strikes are considered dangerous

* Clause VIII.

† Report of the “ Programme Committee ” to the Conference of the Party, 1920.

NATIONALIZATION OF INDUSTRIES

to public security, and, as the railway-workers are State-employees, they would be dismissed from their position if they took part in them. However, as a compensation for the loss of the right to strike the railwaymen as a rule have been given comparatively high wages. Nevertheless they hold it a grievance to be deprived of the right to strike enjoyed by workers in private undertakings, and this is one of the reasons why they are so anxious to have a share in the management of the railways.

The Socialist Government of 1920 did not resign before it had taken at least one step towards the realization of socialist ideals. On June 22nd the Government appointed two Committees ; the first to inquire into the question of the nationalization of natural products and of the means of production which were of importance to the economic and social life of the country ; and the second to inquire into the question of industrial democracy, (viz., the participation of workers and consumers in the management of industry) and also to examine and make recommendations on temporary legislation with regard to the State-control of trusts and other industrial, commercial, and transport monopolies.

The appointment of these Committees created much opposition among the Conservatives and Liberals, and was undoubtedly the ultimate cause of the failure of the Socialists in the general election later in the year. Although the objects of the two Committees were formulated in quite moderate terms, their appointment gave rise to a widespread fear that drastic measures of a socialistic nature would follow in due course.

The statement made by Herr Branting (then Prime Minister), in connection with the appointment of the two Committees, affords several points of interest. He at once placed the inquiry of the Nationalization Committee on a firm footing by declaring that the leading idea of the investigation should be the principle that production must not be reduced by transferring natural resources and means of production from private to public ownership. In capitalist industry, Herr Branting argued, private profit has been a powerful incentive to increase of production ; and to deny the importance of this stimulus would be sheer blindness to obvious facts. In his opinion, however, a well-balanced system based upon the co-operation of different forms of public and private production would give a still better result than that yielded so far by the capitalist system.

It is clear that the Prime Minister's declaration that production must not be reduced by transforming private enterprises into public ones has placed the Nationalization Committee under the obligation of proving that, in the event of its recommending the nationaliza-

LABOUR POLICY

tion of certain enterprises, the carrying out of this measure would not diminish output in the enterprises concerned. This may be an extremely difficult task, and the investigation of the Committee is bound to take a long time. According to a statement of Professor G. Anderson, who is a member of the Committee, inquiries will be made into domain after domain of industry with a view to ascertaining the probable effects of an eventual nationalization of each of them.* In order to prevent precipitate measures the recommendations of the Committee should be carried out by slow degrees. The Nationalization Committee was empowered to call upon officials and private persons, possessing expert knowledge of or interested in the nationalization problem, to give evidence before the Committee.†

The Left Social Democratic Party, the Communist Party, and the Syndicalists demand nationalization of the whole of industry at one single stroke, without compensation to the owners. The Social Democratic Labour Party takes up an entirely different attitude on the question. The leaders of the Party have declared repeatedly that nationalization of industry must be effected by degrees and without violent measures which, in their opinion, would only lead to a lowering of the standard of living of the workers. The leading principle must be the keeping up of production, and nationalization is bound to cause industrial disturbances and diminished production unless it is accomplished very slowly and cautiously. It is in order to prevent unnecessary strife, which would undoubtedly decrease production, that the Social Democrats are opposed to the confiscation of private property. They do not regard compensation to shareholders and proprietors as necessary on principle, but they consider it expedient from the practical point of view, because nationalization will thereby be carried out in a smoother way and will encounter less resistance than it would if confiscation were resorted to. The proposed compensation should take the form of 5 per cent. Government bonds.‡

The cautious and, from a Socialist point of view, moderate attitude of the Swedish Social Democratic Labour Party (which is the strongest party in the Swedish Diet) has undoubtedly brought the question of the nationalization of industry nearer to a practical solution than in countries where leading Socialists and Syndicalists demand the impossible.

Both in Sweden and Norway the State has secured the possession

* "*Socialiseringsförslaget låter vänta på sig*," *Svenska Dagbladet*, December 17th 1920.

† "*Socialiseringsförslagets vedermödor*," *Ibid*, December 22nd 1920.

‡ "*Socialiseringsproblemen*," *Socialdemokraten*, July 3rd-5th 1920.

NATIONALIZATION OF INDUSTRIES

of certain natural resources by Concession Laws. But the system of Concession Laws is based upon principles which are somewhat different in the two countries. The Swedish Concession Laws up to the present time are intended merely to ensure that a good use is made of the ceded enterprises, and that the State has the right to buy them after a certain period; while the Norwegian Concession Laws have gone further, and secure to the State the ownership of ceded enterprises after a certain time without any compensation whatever. The most important of the Swedish Concession Laws is the Water Act of June 28th 1918. This Act provides* that the owner of a water-power station, the capacity of which at minimum-flow is equal to, or exceeds, 500 horse-power, has to provide water-power, up to one-tenth of the total amount produced, to the locality in which the station is situated, at a price not exceeding the cost of production. Further, the State has the right, after 40 years from the date of concession, to buy the whole enterprise. If the State does not then exercise its right of purchase it cannot buy the enterprise until a further period of 40 years has elapsed. The owner of a water-power station may require the State to purchase with the undertaking any property, such as reserve plant, transmission-lines, factories, or other establishments which would depreciate in value if severed from the undertaking. Moreover, if, as the result of State-purchase, the supply of power to any person is terminated, he may require the State to purchase the property dependent upon the power-supply. The amount to be paid by the State shall be decided by a special tribunal in accordance with the regulations of the Act.

The Swedish State has competed successfully with private enterprise in establishing water-power stations, and in August 1920 it owned approximately one-fourth of all water-power stations in the country.†

4--NORWAY.

WHILE the Concession Laws of Sweden only facilitate nationalization some of the Norwegian Laws actually effect it. The Concession Laws were passed originally in order to protect the Norwegian natural forces and capital from being acquired and controlled by foreign capitalists. Thus the first enactment of this nature, the

* Chapter IV of the Act.

† According to information supplied through the courtesy of the Board of Waterfalls the three largest State-controlled power-stations at Trollhättan, Porjus, and Älfkarleby produce altogether 175,000 horse-power.

LABOUR POLICY

Citizen Act 1888, stipulated that foreigners should not be able to acquire real estate in Norway except by Royal Consent. The Act made two exceptions: (1) Swedes should have the same rights as Norwegians, who possessed equivalent privileges in Sweden;* (2) Mines should not come under the Act. The discovery, opening-up, and working of the mines by foreigners was, indeed, regarded as a natural advantage of the country. By an Act of 1903 the Act of 1888 was made applicable to mines, but Swedes on this occasion were not excepted as the Norwegians in Sweden did not enjoy equivalent preferential treatment. By these laws the Norwegian Government secured the right to control and restrict the acquisition of real estate by foreigners.

It was not, however, until 1906 that the right of Norwegian citizens to acquire real estate was restricted. The first restriction applied to waterfalls. The eyes of the Norwegians had been opened to the enormous wealth which lay hidden in this source of natural power, of which two decades earlier no one had a true conception. Having become aware of the potential value of this new force for industrial purposes they were naturally anxious to retain it for the benefit and profit of the people as a whole.

By a temporary Act of April 1906 it was enacted that only by Royal Consent could the right to own or exploit a Norwegian waterfall be granted to, (1) any foreign citizen or company, or (2) any Norwegian company whose members did not make themselves responsible personally. This was an initial measure only; the following June an Act was passed which prolonged the above temporary Act and extended it to forests and mines. It was decided, further, that the requisite Royal Consent should not be given to any company whose executive did not reside in Norway. By an Act of May 1907 the above laws were extended so as to include all electrical establishments of which the water-power was more than 250 horse-power.

The right of private Norwegian citizens to acquire real estate was restricted legally for the first time by the Act of January, 1908, which made the Royal Consent a necessary condition in certain cases. This Act was subsequently amended and extended by recent Acts. The main provisions of the Concession Law of 1916 relating to forests are as follows:—

Only Norwegian citizens have the right to acquire forests without previously obtaining Royal Consent, provided that the area of this land in one province is more than 100 *hektar* or more than one-tenth of the total area of the woodland in the province. But even a Norwegian citizen is not allowed to acquire forests without Royal

* These mutual privileges were repealed in 1906.

NATIONALIZATION OF INDUSTRIES

Consent if their area, together with the forests he * already owns, exceeds 500 *hektar*,† or one-tenth of the total area of forests in the district, provided : (a) That he is a member of the executive of, or in the service of a company engaged in the commercial exploitation of forests, (b) That he has not for the two years preceding the date on which he wishes to buy the land, resided in the province where the land is situated. This provision is obviously directed not so much against the over-extension of private ownership of forests, as against speculation, and, indirectly, against deforestation. The Act, however, makes other provisions for the restriction of private ownership. Thus it was stipulated that Royal Consent was a necessary condition for procuring forests if their area,‡ together with the area of the forests already owned by the purchaser, exceeded one-tenth of the total area of forests in the province. The clause is quite in accordance with the tenets of Social Democracy, as it places in the hands of the Government the power to restrict private ownership of forests to a certain area.

The legislation relating to concessions for the use and ownership of water-power and mines proceeded on still more pronouncedly socialistic lines. The Labour Party was the first to advocate the gradual surrender of Norwegian waterfalls to the State by means of Concession Laws, and after a considerable period they succeeded in convincing the Left Party on this point. In 1909 the Radical support accorded to this policy finally culminated in the passing of an Act which provided that in certain cases concession should not be given for the use of waterfalls unless the water-power stations were handed back to the State within a specified time.

During the last decade several Committees were appointed to draft new Concession Laws, and the result of their labours was the Concession Act of December 14th 1917 which extended and consolidated the laws on the right to acquire waterfalls, mines, and certain forms of real estate. From the Socialist point of view this is the most remarkable Act in the whole body of Norwegian legislation. To Norway this Act means in reality what a nationalization of the coal-mines would mean to England. The provisions of the Act as regards waterfalls are mainly as follows :—

No one except the Norwegian State and Municipalities has the right to own or use a waterfall without Royal Consent, provided that the total amount of water-power which is expected from the waterfall amounts to either 1,000 horse-power|| (taking it together

* Together with his family.

† One *hektar* is approximately 2.5 acres.

‡ In the same *herred* (county).

|| On the recommendation of the Municipality in which the waterfall is situated this limit may be reduced to 500 horse-power.

LABOUR POLICY

with the power of other waterfalls under the same owner* and connected with the waterfall in question), or to 5000 horse-power if the waterfalls are not connected with each other. Concession is not, however, necessary for acquisition in the case of inheritance, marriage, or gift to certain specified relatives. Norwegian citizens have the right to acquire waterfalls of smaller dimensions than the above-mentioned without concession, and foreigners can acquire such waterfalls after concession provided that there is nothing against the public interest in such concession. Objections of this kind may be of political, economic, or social character. The risk of political intervention on the part of other States in the industrial life of the country, of the starting of industries which are detrimental to agriculture or fishing in the neighbourhood, or of the monopolization of certain industries are eventualities which must be taken into consideration.†

When a waterfall, which cannot be acquired except by concession, is offered for sale to a private person or society, the Municipality in which the waterfall is situated, or the State, has the right if either so desires, to buy the waterfall instead of the private person or society. Consequently it is only in the event of the Municipality or the State foregoing this right that the concession can be granted.

Concession to foreigners for large waterfalls of more than 10,000 horse-power can be granted by the Crown, but only after the sanction of the Storting. Concession can be given to both private persons and joint-stock companies, and to certain other societies with limited responsibility.

The conditions upon which concessions can be granted are most important. The fact that the State grants a concession means in reality that the State transfers its ownership or right of use of certain commodities to private persons. It is therefore obvious that the Norwegian State considers itself as the real owner of the waterfalls in the country when it declares that they cannot be acquired without concession.

The conditions upon which concessions are granted are very much the same for waterfalls as for mines. It has therefore been considered sufficient to examine the regulations with regard to waterfalls. These laws are the original and most typical of the Norwegian Concession Laws.

Concessions can be given for periods up to 50 years, or, with the

* One person together with his family, including wife, and children under 21 years of age.

† *Vide* O. Amundsen, *Koncessionsloven med Kommentar*, Christiania 1918, P. 43.

NATIONALIZATION OF INDUSTRIES

consent of the Storting, up to 60 years. But only on condition that, at the end of this time, not only the waterfall itself but all the power-stations (with their machinery and buildings, etc.), which belong to, or have been used in connection with, the undertaking, shall become State-property *without any compensation whatsoever*.

The construction of the power-station must be begun, and the station ready to start work, within a specified time. So far as possible Norwegian labour and material must be used in the construction. The production of power must not be stopped continuously for 3 years nor reduced continuously to less than one-third of the amount originally estimated. When granting the concession the Government may also determine the class of industry to which the power produced shall be applied; and may stipulate that certain buildings and offices shall be erected for the officials and workmen at the station, and that arrangements shall be made with regard to the means of communication with the locality, etc.

But not only this. The *concessionaire* may not retain for his own use all the power produced. Thus 10 per cent. of the average yield must be transferred to the use of the Municipality in which the station is situated, and the State has the right to command an additional 5 per cent. of the produced power at a specified price, which is, of course, comparatively low. Further, the *concessionaire* has to pay the State a certain annual sum calculated on the amount of horse-power the station has been able to produce. (i.e. from 10 oere up to 3 crowns per unit of horse-power), and he shall also pay a similar sum to the Municipality (i.e. from 10 oere to 4 crowns per horse-power).

From these regulations and restrictions it is possible to form some idea of the great difficulties with which even the temporary ownership of a waterfall is accompanied and hedged about. However, it may be pointed out that these difficulties occur only when the *concessionaire* proposes to use the power solely for profit on a large scale. Concession may be granted unconditionally if the waterfall is situated on an estate or farm, and if the power produced is used only to run the work of the estate (or some small industry on it) or to provide light and heat to the estate and the neighbourhood. These exceptions, however, are of very little importance compared with the regulations which govern the use of water-power in factory-industry.

As a matter of fact, the employers have waged unrelenting war upon all such restrictions ever since they were first introduced in 1909. On the other hand, the Socialists rejoice over the new

LABOUR POLICY

Concession Laws which they regard as due to their efforts. It is interesting to consider the opinions of these two opposing groups.

The Socialists say that the Concession Law of 1917 has settled the principle that Society—in this case represented by the State and the Municipalities—and not private adventurers shall have the primary right to own and control the boundless sources of power and wealth hidden in the Norwegian waterfalls and mines.* Only the State and the Municipalities can use these sources for the common good of Society as a whole.†

The employers, not unnaturally, take a different view. They say that the result of more than 10 years of legislation with regard to concession shows that this form of State-intervention is highly detrimental to the industrial development of the country. The rules and regulations for the conduct of business are in themselves enough to disincline the employers to start industries connected with waterfalls, but when there is added to these the certainty of having to surrender the whole business, with all its buildings and machinery, in forty or sixty years' time, it is obvious that the spirit of enterprise must be checked severely. The Norwegian industries connected with waterfalls are mainly export industries which have to compete with the industries of other countries. But as the Norwegian industry is new, and therefore heavily handicapped, it is essential to give it every assistance possible and to refrain from hampering it by restrictive regulations. It is only in this way that a real development of Norwegian industry for the benefit of the whole country is possible.‡

In fact the Norwegian Concession Laws have scarcely proved to be favourable to the industry of the country. But it would be wrong to place the whole blame for this upon the legislators. The blame rests to a large extent with the Norwegian Government. It is clearly the duty of the State to do its utmost to see that the natural forces of the country are really used in the best possible way. But this has hardly been done in Norway. Private persons are discouraged from starting enterprises by all sorts of conditions and regulations, but the State which has imposed these restrictions does not use its opportunities for starting these enterprises itself. This is waste, and undoubtedly provides a formidable argument

* The new law contains one point which was forced through by the Socialists in the Storting viz., the condition that the employers, in the event of a strike, should not have the right to eject the strikers and their families from their houses.

† *Report of the Social Democratic Group in the Storting*, Christiania 1918, p. 25.

‡ L. D. Aarflot and N. V. Rogstad, *Industrilandet Norge*, Christiania 1919, pp. 86-8.

NATIONALIZATION OF INDUSTRIES

against the socialistic principles of State-ownership and State production.

The Norwegian laws regulating concessions are of far greater interest to the student of the nationalization-question than the attitude of the Socialist organizations on this subject. Our examination has therefore been devoted primarily to them. There remain to be said only a few words on the policy of the Socialists with regard to nationalization.

The Norwegian Labour Party laid down its general principles with regard to nationalization at a Conference held at the beginning of June 1919.* It was decided that, in order to prepare industry for nationalization, the workers in all enterprises should form Workers' Councils. The object of these Councils would be to acquire information about and knowledge of the organization, working, and profits of the various enterprises. The Councils had, further, to protect the interests of the workers against the employers. All the Councils of a Municipality would be combined into Workers' Committees, and these bodies into a National Workers' Committee. These Committees were to prepare the way for a revolutionary transformation of all enterprises into Socialist organizations, controlled and managed by workers' representatives, representatives of consumers, and by the administrative authorities of the community.

In May 1919 the workers of the largest of all Norwegian industrial enterprises, the Norsk Hydro,† sent a deputation to the Storting demanding the immediate nationalization of the whole undertaking. According to the workers' demands the State should take over the enterprise and guarantee the shareholders a certain specified interest on their shares. Self-government should be established under the control of the Storting. The Management Committee should be composed of seven members, three of whom were to be elected by the workers and one each by the technical experts, the clerical staff, the consumers, and the Storting, whose nominee should be the director.

The above proposals were considered in the Storting which decided that the Government should make inquiries into the matter. Accordingly, on July 23rd 1919 a Commission was appointed for this purpose, but with the terms of reference extended so as to include an inquiry into the possibility of nationalizing other large concerns.‡

* *Report of the Conference*, pp. 52 seq.

† Electrical and chemical works at Rjukan Foss.

‡ According to information supplied through the courtesy of the Norsk Hydro in February 1921 the report of the Commission was not to be expected in the near future.

LABOUR POLICY

5—DENMARK

THE attitude of the Danish Social Democratic Party towards the problem of nationalization is even more moderate than that of the corresponding Swedish Party.

The Danish Socialists do not necessarily demand general nationalization. It is not essential, they say, for the establishment of the Socialist order that the State should take over and run all industrial enterprises; but the exercise of an effective control over private enterprises is sufficient in itself. In their opinion the Socialist order would be established so soon as State-control over industry made it impossible for private capitalists to make larger profits than those earned by corresponding State-controlled undertakings. Industry as controlled by the Socialist State would be organized into, (1) enterprises owned and managed by the State or the Municipalities, (2) co-operative enterprises, and (3) private enterprises controlled by the State.

The State and the Municipalities should take over those enterprises which they could conduct more advantageously than private persons or companies.

The Co-operative societies should compete with private enterprises and should be started only where they could hold the field. The fundamental principle of these State-, municipal, and co-operative enterprises should be that they must be run on capitalist lines with regard to the workers, viz., the wage- and price-system of the present social order should be preserved, but on socialist lines with regard to the community. Strikes would be unavoidable in co-operative enterprises.

The views of the Danish Socialists with regard to privately controlled enterprises are most interesting. According to their theories State-control should not take the form of direct interference with these undertakings, but the State should have the right to obtain and publish all information as to profits, prices, wages, etc. Then the State, by means of taxation or by fixing prices, should prevent enterprises from making unreasonable or excessive profits. A full knowledge of the financial conditions and profits of the enterprises would enable the trade-unions to estimate the maximum-wages demandable by the workers; the unions, of course, would leave only a bare margin of profit to capital. Under such circumstances private ownership would be merely nominal, the workers being the real owners of the enterprises. Nominal private ownership, however, would be the cheapest method of managing and using the means of production.*

* *Report of the Congress of the Social Democratic Party held at Copenhagen, October 1919, p. 43 seq.*

NATIONALIZATION OF INDUSTRIES

The Danish Social Democratic Party has embodied the above principles in two following Bills :—(1) Bill providing for official control of industrial enterprises. (2) Bill concerning commercial profit. Neither of these Bills has been successful in the Diet.

The firm confidence placed by the Danish Socialists in private enterprise is undoubtedly due to a large extent to the industrial conditions prevailing in the country. Agriculture is the principal industry of the country, and nationalization of land would be very difficult to effect, especially as it would not receive the approval and support of the independent peasant-class.

There are in Denmark no really large enterprises connected with manufacture which could suitably and profitably be conducted by the State. Furthermore, Denmark possesses no great natural resources, such as coal and water-power, the exploitation of which in the interests of the community can be claimed with justice by the adherents of nationalization. Nevertheless, the belief of the Danish Socialists in private enterprise as being generally the most efficient form of production may provide the Socialists of other countries with food for thought.

6—GREAT BRITAIN

THE Triple Industrial Alliance in England has been the prime mover in the nationalization-campaign which aims in the first instance, naturally, at the nationalization of enterprises in which the Triple Alliance is immediately interested, i.e. coal-mines and railways. The claims of the Triple Alliance in this respect are supported by the Labour movement as a whole. In fact the coal-mines are regarded by the working-classes, not without reason, as the main source of British wealth, and the mine-owners are looked upon as the embodiment of all that stands for capitalism. Moreover, it is considered that coal is the legitimate property of the whole people, and that it ought not to be exploited by present-day capitalists for their own profit only. This attitude, combined with the fact that the death-rate among the miners in consequence of accidents is higher than in other industries, explains the desire of the workers that the mines should be placed entirely in the hands of the State. The workers' most important argument in favour of the demands for nationalization of the British railways is that the experience of other countries proves, not only that such nationalization is possible, but also that it is a great administrative advantage to have the transport-services under the immediate control of the State. It is also argued that the railways supply the collective needs of the com-

LABOUR POLICY

munity and that they ought therefore to be owned and administered by the State. Finally, it must be remembered that both coal-mines and railways were, during the War, placed under Government control.

It has been shown already in a previous chapter that the policy of direct action pursued by the Triple Alliance in order to force through the nationalization of coal-mines was a failure in so far as it did not lead to the intended result.* Nevertheless the threatening attitude of the Triple Alliance was one of the immediate reasons for the appointment of the Coal Industry Commission under the chairmanship of Mr. Justice Sankey. The proposals of this Commission, and those of the miners themselves as embodied in the Nationalization of the Mines and Minerals Bill of 1919†, are the two main schemes for the nationalization of the British coal-mines.

The evidence of the Sankey Commission proved that the present state of the coal-mining industry in respect of administration and mechanical organization was far from satisfactory. The 1,500 different joint-stock companies directing the coal-mining industry applied very different methods; in some mines mechanical improvements had been introduced which made the work not only more efficient but also safer for the workers, while in other mines methods which were old and wasteful and exposed the workers to great danger were still in use. Furthermore, it was proved that the distribution and sale of coal was organized very badly in consequence of the decentralization within the industry; coal being often transported to certain districts not from the nearest coal-mines but from some of the most distant.

It was obvious that in this way a good deal of productive power was wasted in the coal-mining industry. But this, in itself, was no reason for placing the mines under public ownership, for a more efficient organization and the application of better methods could be obtained very well under private ownership. It was also recognized by Mr. Justice Sankey that the above reason for nationalization was not in itself sufficient. Thus he said in his Report of June 20th 1919‡: "It may be argued that the foregoing defects in the present system could be removed by changes in the direction of unification falling short of State ownership."

The main reason why Mr. Justice Sankey recommended nationalization of the coal-mines is laid down in the following statement:

* Chapter XIII.

† Never introduced into Parliament. Drawn up by Henry H. Slessor, Judicial Adviser to the Miners' Federation.

‡ §XXXIX of Mr. Sankey's Report, cd. 210.

NATIONALIZATION OF INDUSTRIES

" But a great change in outlook has come over the workers in the coalfields, and it is becoming increasingly difficult to carry on the industry on the old accustomed lines. The relationship between the masters and workers in most of the coalfields in the United Kingdom is, *unfortunately*, of such a character that it seems impossible to better it *under the present system of ownership*.* Many of the workers think they are working for the capitalist, and a strike becomes a contest between Labour and Capital. This is much less likely to apply with the State as owner, and there is fair reason to expect that the relationship between Labour and the community will be an improvement upon the relationship between Labour and Capital in the coalfields."

Mr. Justice Sankey's assumption that there would be a better feeling between the miners and the State than between the miners and the capitalist mine-owners has not yet been proved by experience. It has been proved, however, both during the War (e.g. the Clyde strikes) and since (e.g. the Yorkshire strike), that the workers have no compunction in striking against the Government. This fact was strongly emphasized by Mr. Lloyd George in his speech on the Government policy with regard to the coal-mines delivered in the House of Commons on August 18th 1919.†

In his Report Mr. Justice Sankey made certain suggestions with regard to the administration of nationalized mines which call for some attention.‡ He suggested that each mine should be placed under the control of one duly certified manager. For the purpose of advising him on all questions concerning the direction and safety of the mine there should be established a Local Mining Council, to consist of the manager, under-manager, and commercial manager, four representatives of the miners, and three members appointed by the District Mining Council. This Council, subject to the direction of the Minister of Mines, should manage the entire business of extracting coal in its district, the regulation of output, the closing down or opening of mines or workings, the control of prices, the basis of wage-assessment, and the distribution of coal. The District Mining Council should consist of chairman and vice-chairman appointed by the Minister of Mines, four representatives of the miners in the district, and eight members appointed by the National Mining Council—of whom four should represent consumers, two the technical side of the industry, and two the commercial side. The National Mining Council, which should be elected by the District Mining Councils, should meet annually in London, Edinburgh, or

* The italics are mine.

† *Parliamentary Debates*, 1919, Vol. 119, col. 2,009.

‡ §§ XLV-LXXII of Mr. Justice Sankey's Report.

LABOUR POLICY

Cardiff, in order to discuss with and advise the Minister of Mines upon all questions connected with the operation and management of the mining-industry. The Minister of Mines, who should be appointed by the Government and sit in and be responsible to Parliament, should preside over the National Mining Council. This Council should elect from among its own members a Standing Committee of 18, six of whom should represent the miners, six the consumers, and six the technical and commercial side of the industry. After consulting this Committee the Minister of Mines should have the right to veto any resolution passed by either a Local Mining Council or a District Mining Council.

It is clear that according to this scheme the Minister of Mines would be placed in a position of some difficulty, viz., between Parliament on the one hand, and such a representative assembly as the National Mining Council on the other.

There is one clause in the Sankey Report which has caused some feeling among the workers. The clause runs as follows: "The contracts of employment of workmen shall embody an undertaking to be framed by the District Mining Council to the effect that no workman will, in consequence of any national dispute, join in giving any notice to determine his contract, nor will he combine to cease work, unless and until the question in dispute has been before the National Mining Council and that Council has failed to settle the dispute, provided that on the written request of 15 members of the National Mining Council the Minister of Mines shall convene a meeting of the Council within one month."* It will be seen presently that the workers' representatives on the Coal Commission were opposed strongly to this clause, which would have the effect of restricting the right of the workers to dispose of their own labour.

With regard to the carrying on of the coal-mines Mr. Justice Sankey made a statement of great interest for it proved that his confidence in his own scheme of management was at any rate not complete. "Under State ownership," he said, "it is always possible to lease a mine to particular persons on terms agreeable to those who are engaged in the production of coal thereat, and this principle can be applied not only to a mine or a group of mines contained in a particular district, but to a composite undertaking."†

The Report signed by the Chairman attracted more attention than the other three Reports presented by the different members and groups of the Commission. The Report of the Labour representatives,‡ similar to that of the Chairman, pronounced in favour

* Report § LXXII.

† Report § XLIV.

‡ Cd. 201, pp. 27-28.

NATIONALIZATION OF INDUSTRIES

of nationalization. The main differences between the two Reports are, firstly, that the Labour representatives claimed more power for the miners over the administration of the mines than did Mr. Justice Sankey, and, secondly, that while he suggested binding contracts for individual miners the Labour representatives opposed all restrictions on the right of the workers to strike.

The Sankey Report left the Minister of Mines as the supreme authority over the administration of the mines, with the obligation of consulting the National Mining Council on certain questions; while, according to the miners' scheme embodied in the Nationalization of the Mines and Minerals Bill, this National Mining Council should be the supreme authority, with the Minister of Mines as President. A peculiarity of this Bill was clause 2, sub-clause (2), which prescribed that the Minister of Mines and the Parliamentary Secretary should be responsible to Parliament for the acts of the Mining Council. It is clear that this system would not have worked in practice since the Minister and Secretary had no authority over the Mining Council.

The Report of the mine-owners and Government representatives pronounced decisively against nationalization, declaring that they had come to the conclusion "that the nationalization of the coal-industry in any form would be detrimental to the development of the industry and to the economic life of the country."*

Sir Arthur Duckham, who presented a separate Report,† was also opposed to nationalization. He suggested that the colliery companies should be amalgamated into a few large district companies to which the Government should guarantee a minimum-dividend of 4 per cent. Profits in excess of this dividend should be used first of all for the establishment of sufficient reserve-funds, the amount of which should be determined by the Minister of Mines. When the conditions in this respect were fulfilled the dividend could be raised to 6 per cent. Of the profits above this rate only one-third should be allowed for further increase in the dividend, while the remaining two-thirds should be used for reducing the price of coal. The intention of this scheme was obviously to prevent the mine-owners from making profits at the expense of the community.

There are two points upon which all the four Reports of the Coal Commission agreed. The first was that the State should take over all the royalties and apply them to the development of the mines. Three of the four Reports recommended that the royalties‡ should

* Cd. 201, p. 35.

† Cd. 201, pp. 49-62.

‡ The ownership of the land on which the mines are exploited, and the consequent right to receive rent from mine-owners.

LABOUR POLICY

be acquired by purchase. The annual amount to be paid for them by the State was estimated at about £6,000,000.* The three miners' representatives, Messrs. Hodges, Smillie, and Smith, however, were opposed absolutely to such a purchase, and recommended instead complete confiscation, except in the case of small royalty-owners who should not be deprived of their means of livelihood.

The second point agreed on was that the municipal authorities and the Co-operative Societies should help to organize the distribution of coal, which the evidence of the Coal Commission had proved to be extremely wasteful.

The Government policy with regard to the mines has given rise to much ill-feeling among the working-classes, not so much because the Government has opposed nationalization as because it has, so to speak, played with the question—at one time hinting at the possibility of nationalization and at another completely rejecting all measures leading or likely to lead to it. It would be unjust, however, to judge the policy of the Government merely from the statements of its members, which were sometimes not a little conflicting. The general outlook of the Government must also be taken into consideration. The first aim of the Government's policy of reconstruction after the War was to increase production, and a necessary condition for this was industrial peace. This explains the apparently inconsistent and vacillating policy adopted by the Government in giving way to the demands of the workers during the first peace-period and then resisting them at a later date.

On February 24th 1919, during the debate on the Bill setting up the Coal Commission, the Prime Minister declared that "if as a business proposition it be better for the State . . . we ought to commit ourselves to nationalization."† The Government could not recommend such a vital step without careful investigation and therefore the matter had to be examined by the Commission. The Prime Minister, however, never definitely pledged the Government to accept the recommendations of the Commission.‡ In fact there were many chances that the Commission would pronounce in favour of nationalization, for the workers had appointed not only the three representatives corresponding to the three representatives of the employers, but also three of the six disinterested members of the Commission.|| The Government made these concessions in order to prevent the threatened coal-strike which would have come at a

* Lord Emmott, *Nationalization of Industries*, London 1920, p. 51.

† *Parliamentary Debates* 1919, Vol. 112, col. 1,496.

‡ *Ibid.* p. 509.

|| Sir Leo Chiozza Money, Mr. R. H. Tawney, and Mr. Sidney Webb, all authors who agree more or less with the views of the Labour Party.

NATIONALIZATION OF INDUSTRIES

highly inconvenient moment as the stocks of coal were small (in London, only sufficient for three days).^{*} The position of the workers, therefore, was very strong, and the Government decided to give way in order to be able to choose a more favourable moment for resisting the claims of the Triple Alliance.

The Interim Report of the Coal Commission, which was published as early as March 20th, contained the following remarkable passage : " Even upon the evidence already given, the present system of ownership and working in the coal industry stands condemned, and some other system must be substituted for it, either nationalization or a method of unification by national purchase or by joint control."[†] The Government declared itself willing to carry out the Interim Report " in the letter and in the spirit,"[‡] which in reality meant that it pledged itself to support either nationalization or a method of unification by national purchase or by joint control. This declaration confirmed the belief of the workers that if the Commission at a later stage reported in favour of nationalization the Government would also accept and carry out this measure. It was in this belief that the miners accepted the Interim Report at a ballot on April 16th 1919 and decided to keep quiet until the definite Report of the Coal Commission had been published.[§]

The work of the Commission started again on April 23rd, and the Report was presented on June 20th. As already mentioned the majority of the Commission pronounced in favour of nationalization, and the workers expected the Government to carry out this reform. It must be noticed, however, that the Prime Minister never pledged the Government to subordinate its own opinion to that of the Commission, but only to accept nationalization of the mines if the investigation of the Commission proved this to be, in the opinion of the Government, a good business-proposition. It did not succeed in proving this, and the Miners' Federation, as well as the Labour Party, who were " convinced that the Government would accept nationalization if the Commission recommended it," held that they were completely deceived by the Government.||

On August 18th the Prime Minister declared in the House of Commons that the Government was by no means bound to accept the Report of the Commission, and that they would not accept it in respect of its finding in favour of nationalization, but at the same time the Government agreed to the State-purchase of royalties. One

^{*} S. and B. Webb, *History of Trade Unionism*, London 1920, p. 518.

[†] Report § IX.

[‡] *Parliamentary Debates*, 1919, Vol. 119, col. 2,003.

[§] There voted for the Report 693,084, and against it 76,992. R. Page Arnot, *Further Facts from the Coal Commission*, London 1919, p. 5.

|| R. Page Arnot, *Ibid*, p. 17.

LABOUR POLICY

of the main reasons why the Government opposed nationalization was the experience gained from the Yorkshire strike, i.e. that workers would not hesitate to strike against the Government. The Prime Minister summarized the scheme of the Government with regard to the mines in the following words : " That the minerals are to be purchased by the State ; that a fund should be raised for the purpose of promoting schemes for the social improvement and the amelioration of the conditions and the amenities of life in the mining villages ; that the State should not purchase the business of the mines, and certainly not run them ; that unification should be promoted by amalgamation in defined areas."*

The position of the Government had gradually become stronger, and in fact the coal-supply in the country was sufficient to allow the Government to run the risk of a coal-strike. The refusal of the Government to accept the Sankey Report raised a storm of disapproval among the workers, particularly among the miners, and the possibility of a general strike as a means of compelling the Government to nationalize the mines was discussed seriously. However the attitude of the Prime Minister on the nationalization question was absolutely firm, and on October 9th he made the following declaration to the deputation from the Parliamentary Committee of the Trade Union Congress, which demanded the nationalization of the mines : " We have come definitely to the conclusion that we cannot see our way to advise Parliament to pass a measure for taking over as a business of the State the management of the mines of the country."† The firm attitude of the Prime Minister caused the workers to hesitate. The Trade Union Congress, held at Glasgow on September 10th 1919, had passed the following resolution : " In the event of the Government still refusing to accept this position, a Special Congress shall be convened for the purpose of deciding the form of action to be taken to compel the Government to accept the Majority Report of the Commission." Therefore, after Mr. Lloyd George's definite refusal to accept nationalization, such a Special Congress had to be convened, but it was only after much hesitation and not until March 11th 1920 that the Congress was summoned. This Congress rejected by a large majority the proposal to use direct action in order to compel the Government to carry out the recommendations advanced by the Majority Report of the Coal Commission. Mr. Clynes declared that : " The man who would most welcome direct action is not in this Conference at all, he is at No. 10 Downing Street. The direct actionists would come to the rescue of the Prime Minister from a difficult position. Mr.

* *Parliamentary Debates*, 1919, Vol. 119, col. 2,007.

† R. Page Arnot, *Ibid*, p. 19.

NATIONALIZATION OF INDUSTRIES

Lloyd George may be lacking in many characteristics, but he does not lack in political strategy, and if you announce that you are going to force him by calling a general strike he will give you a general election in which our own class would be rent in twain.”*

The conditions in March 1920 were entirely different from those which obtained in March 1919; at the earlier date the workers' position was the stronger and the Government had to give way; at the latter date the Government was the stronger and the trade-unions had to yield. The result of the Special Trade Union Congress was important because the principle of parliamentary action had prevailed over the principle of direct action. The Congress recognized that the workers would have to wait for nationalization or for anything else they desired until the people were convinced that they were right. Therefore they had to wait until the elected representatives of the people agreed to and passed into law the measure they wanted. Intensive political agitation in preparation for a general election was the right course of action, and not a general strike for the purpose of bringing pressure to bear upon the Government. “Political action has not failed,” said Mr. Thomas, “it has never yet been fully tried. . . . What right, then, have we to call upon you to attempt to force the hands of the Government by action which would not fail to inflict upon the nation an industrial upheaval which would inevitably involve bloodshed, whilst not necessarily achieving our object, when a more simple, less costly, and certainly less dangerous remedy is within our reach.”†

The decision of the Trade Union Congress to abstain from direct action as a means of forcing through nationalization undoubtedly lessened the effect of the nationalization-campaign, even though the miners were still in favour of direct action.

The Government policy proceeded on lines somewhat in accordance with the proposals of Sir Arthur Duckham. The Coal Mines (Emergency) Act,‡ which was passed in March 1920, secured the right of the Government to a certain control over the production and distribution of coal and over the profits made by the coal-owners. The complete scheme of the Government was embodied in the Mining Industry Act of August 16th 1920.§ This Act provided for the establishment of a Mines Department of the Board of Trade under the direction of the Secretary of Mines. During the period August 31st 1920 to August 31st 1921 the Government would have the power of regulating the export of coal and the supply

* *The Star*, March 11th 1920.

† *Ibid*, same date.

‡ 10 George V, ch. 4.

§ 10 and 11 George V, ch. 50.

LABOUR POLICY

of coal for the bunkering of vessels, the pit-head price of coal for consumption in the United Kingdom, miners' wages, and the distribution of profits so as to bring about an equitable distribution as between different collieries. By this temporary measure the Government intended to safeguard the interests of the community against profiteering and high prices, and at the same time to interfere as little as possible with private initiative and enterprise. The Mining Industry Act also made provisions for setting up joint committees of coal owners and workers (Pit Committees, District Committees, Area Boards, and a National Board). The object of these Committees is to consider wage-questions, the question of output, and safety- and health-conditions, and to make recommendations on these matters. If their recommendations are not complied with they may forward them to the Board of Trade. For the purpose of giving the Board of Trade advice and assistance on matters connected with its powers under the Mining Industry Act provision was made for the establishment of an Advisory Committee. The composition of this Committee is worthy of notice. It should consist of 4 representatives of coal-owners, 4 miners' representatives, 3 representatives of employers, and 3 of workers in industries other than the coal-mining industry, 1 mining-engineer, 2 agents or managers of coal-mines holding first class certificates, 1 coal-exporter, 1 coal-factor or coal-merchant, 1 person experienced in commerce other than commerce in coal, 1 person experienced in co-operative trading, and 3 experts in medical or some other science. The financial control exercised by the Government under the provisions of the Mining Industry Act were accompanied by certain guarantees as to the profits of the coal-owners. Thus the owners were guaranteed a minimum-profit equal to nine-tenths of the aggregate pre-War standard profits, if they were prevented from earning this profit through some act of Government control. The maximum-profit was fixed at eleven-tenths of the pre-War standard. In order to increase output after the coal strike in October 1920 the Government raised the above figures by ten per cent.

The severe depression in the British coal-mining industry began in the autumn of 1920, partly as a result of the general trade-depression, partly because of American competition, and partly on account of the export of German coal to France. It has made Government control of profits superfluous and has also made it impossible for the Government to continue the guarantee of minimum-profits. At the end of January 1921 the President of the Board of Trade announced that Government control of inland prices and distribution would cease as from March 1st, and on February 23rd he announced the complete withdrawal of all financial control as from April 1st.

NATIONALIZATION OF INDUSTRIES

The Government, accordingly, had from that time no special responsibility with regard to the profits of the coal-owners, and it was left entirely to employers and workers in the coal-mining industry to fight out wage and other questions as they did before the War.

As a direct result of the removal of State-control* the big coal-strike broke out on April 1st 1921. The Government had announced its intention of terminating control more than a month before it was actually done, but the coal-owners and the miners had not been able to arrive at an agreement. The main point in dispute was whether wages should be reduced and regulated on a district-basis, as proposed by the owners, or on a national basis, in accordance with the demands of the men. On July 1st the miners gave way, and the Government promised to compensate the miners for the reduction of wages by £10,000,000 in order to help the coal-industry over the present difficult situation.† The coal-strike was a test-case for the whole British Labour movement. The defeat of the miners showed clearly that resistance against reduction of wages was hopeless. Labour seemed also to make up its mind to moderate its claims, and to accept wages which were more in accordance with the economic position of industry.

In forming an opinion as to the probable ultimate consequences of nationalizing a special industry it is naturally of great importance to consider the experience of other countries where this industry actually is, or has been, placed under State-ownership and control. This can readily be done in respect of the coal-mining industry, for

* Coal Mines (Decontrol) Act, 1921, 11 George V, ch. 6.

† In this connection a few words may be said on the state of emergency proclaimed by the Government to meet the situation arising out of the coal-strike. By the Emergency Powers Act, 1920 [10 and 11 George V, ch. 55], the Government were empowered to issue such a proclamation if "any action has been taken, or is immediately threatened, by any person or body of persons, of such a nature and on so extensive a scale as to be calculated, by interfering with the supply and distribution of food, water, fuel, light or other necessities, or with the means of locomotion, to deprive the community of the essentials of life." The Government may take any measures it considers necessary during a state of emergency to ensure the safety of the public.

On March 31st 1921 the Government proclaimed a state of emergency, and by an Order in Council dated April 1st the Government conferred upon the appropriate Ministries and Departments the power to take possession of collieries, machinery, stocks of coal, etc., and to regulate the supply, distribution and prices of coal, to assume possession of food and stores; to regulate the sale of motor-spirit; to prohibit public meetings, etc. On April 8th the Government called up the Reserves of the Army, Navy, and Air Force, and organized a Civilian Defence Force to protect the police.

The determined attitude of the Government prevented the strikers from going to extremes and committing excesses. The emergency-measures adopted by the Government and enforced by the Municipalities also considerably diminished the pressure brought to bear by the strikers on the community.

LABOUR POLICY

coal-mines have been run by the State in New Zealand, New South Wales, Australia, and Germany. In all these countries nationalization has exercised a paralyzing influence upon the coal-mining industry. The evils of nationalization are particularly emphasized in the report of the German Coal Commission (March 1919) which must be accepted as highly authoritative.* No doubt the experience derived from the nationalization of the coal-mines in the countries referred to must have exercised considerable influence upon the policy pursued by the British Government.

The problem of nationalizing the railways is quite different from that of nationalizing the mines. In the first place, a far greater amount of capital is invested in the railways than is required for running the mines. In countries where capital is comparatively scarce private enterprise has not been great enough to establish a railway system adequate to the needs of the population, and the State—which can command sufficient capital at a cheaper rate of interest than private persons—has taken the matter in hand. This has been the case, for instance, in the Scandinavian countries, in Switzerland, and in Prussia, where State-railways were first constructed in the poor provinces in the east of the country. In the above countries the strategic importance of the railways has also been a reason for their being constructed and managed by the State. In wealthy countries, such as England, private companies have been able to procure the capital necessary for giving the country a satisfactory railway system, and the State has not been obliged to undertake this responsibility. It is evident that, once the railway system of a country gets into the hands of and is developed by private companies, its nationalization will be rendered exceedingly difficult on account of the very great outlay required for its purchase at full value. For instance, the full value of the British railways has been estimated at sums varying in amount from £900,000,000 to £1,400,000,000, the lower figure being that of the Fabians.† Therefore in the present state of national finance the British Government could not very well consider the possibility of State-purchase. The magnitude of the price to be paid however, does not constitute a permanent objection to the nationalization of the British railways; it means merely that this matter cannot be regarded as a question of immediate policy but must be postponed to some future occasion when the State of national finance will not absolutely preclude its accomplishment.

* W. G. Towler, *The Nationalization of British Industries*, London 1919, p. 22.

† Lord Emmott, *Ibid.*, p. 69.

NATIONALIZATION OF INDUSTRIES

There are several considerations which afford arguments in favour of the State-ownership and State-management of the railways, but they are hardly strong enough to necessitate the nationalization of a privately owned railway system, for the defects of private ownership and management can certainly be remedied by State-control without nationalization. The tendency of the railways to become monopolies, and the urgency of the collective needs which it is their function to supply, make it possible for private companies to inflict great hardship upon the public by raising the rates of fares and freights excessively; but it is always possible for the Government to prevent this (as has been done in England) by fixing these rates so as to bring the profits of the companies into due proportion with the expenses of the construction and running of the railways. State-management of railways has sometimes been advocated as preferable to private management, partly because it would admit of a better centralization of the whole railway system, and partly because it would promote a better sense of discipline, both on the part of the railway servants and on that of the public. There is no doubt, however, that difficulties in these respects arising out of private management can be overcome by State-regulations as to the organization and service of the railways.

In fact it was only after the appointment of the Railway Executive Committee at the beginning of the War that the British railway system began to be organized properly.* This Committee, which was composed of railway managers, did a great deal to simplify the service and to centralize the whole system. The working of the railways had undoubtedly before this time been defective in these points, a fact of which full use was made by the advocates of nationalization. The Select Committee on Transport of 1918 declared that unification of the management was not by itself sufficient to bring about a more efficient service. It argued that unification of ownership was indispensable because it would make it possible for the assets of the whole system to be employed to the best advantage, and would allow of new and costly equipment without constantly giving rise to undesirable financial negotiations and difficulties. For this reason the Committee recommended either nationalization or the creation of one large joint-stock railway combine.†

* On the bad state of the British railway system before the War compare, (1) Fabian Research Department, *How to Pay for the War*, pp. 53-76; (2) Railway Nationalization Society, *Leaflet No. 3*; (3) A. E. Davies, *The Case for Railway Nationalization*; and (4) Sir L. Chiozza Money, *The Triumph of Nationalization*, London 1920, pp. 119 *seq.*, and 209 *seq.*

† *Second Report of the Select Committee on Transport*, Nov. 14th 1918, *Committee's Reports*, 1918, No. 136, p. VII.

LABOUR POLICY

The Ministry of Ways and Communications Bill, 1919, contained originally a clause which gave the Government the power of acquiring railway undertakings on terms which, in case agreement failed, should be determined by arbitration.* This proposal of the Government raised a storm of opposition, not only among the railway companies but also among the great bankers and on the Stock Exchange, and the Government was obliged to withdraw the clause. The uncertainty as to what policy the Government intended to pursue ultimately and the threatening attitude of the Triple Alliance, made it necessary for the railway companies to keep capital-expenditure within the smallest possible compass, thus checking the development of the railway system.

The first statement as to the future policy of the Government was made by the Minister of Transport at a meeting held at the Institute of Transport in March, 1920. From this statement it was clear that the Government had decided to keep aloof for the time being from nationalization, and that it proposed to adopt instead a system of efficient State-control over the organization, administration, and operation of the railways.

The proposed policy of the Government was outlined subsequently in a White Paper which was published in the following June.† The Government suggested that all the railways of the United Kingdom should be formed into a few large groups for the purpose of effecting economies in management and organization. Direct competition between the groups should be avoided so far as possible. Each of them should be managed by a Board composed of shareholders and employers, two-thirds of the latter to be elected by the railway workers. Further, the setting up of Central Wages Boards and of a National Wages Board for the purpose of deciding on wages and working-conditions were recommended. These Boards should consist of an equal number of workers' and managers' representatives. The control exercised by the Government should have in view (1) The protection of the travelling public; (2) the economical working of the railway system; and (3) the safeguarding of national interests. The most remarkable provisions of the document were, perhaps, those which referred to finance. The Government did not propose to give the companies any financial guarantee, but wished to set up a system of flexible rates which would enable appropriate charges to be levied so that the companies could earn a revenue calculated on some pre-War basis. The State would be entitled to participate in any surplus revenues that a company might make.

* *Public Bills*, 1919, No. 11, clause 4.

† Cd. 787.

NATIONALIZATION OF INDUSTRIES

It was only to be expected that these proposals would not meet with much approval from the railway companies and the world of business. It was argued that if the State would not share the risk, by giving financial guarantees, it had no just claim to participate in the surplus-revenue. For the same reason objection was taken to the whole scheme of Government control. The Railway Companies' Association decided that any Bill framed on these lines should be opposed strenuously.

On the other hand the Labour Party continued its campaign for the nationalization of railways and canals. The Conference of the Party held at Scarborough in June 1920 passed the following resolution which proved the determination of the workers not to give up their demands for nationalization:—"That with regard to Railways and Canals in particular, the Conference regards their complete nationalization, with adequate workers' control, both local and central, as of the greatest possible urgency in the public interest; and it invites the co-operative societies, the local authorities and the trading community, now suffering so much from railway mismanagement, to join in pressing for the immediate institution of a united transport system run exclusively for the service of the public."*

Indeed, the Government is in a difficult position, placed, as it is, between two fires. On the one hand, the railway companies are opposed to all Government control not justified by financial guarantees, and, on the other, the workers will never be satisfied with less than complete nationalization of the railway system.

On February 11th 1921 the Departmental Committee on Railway Agreements, presided over by Lord Colwyn, issued its report.† The Committee estimated the Government's liability to the railway companies at about £150,000,000.‡ The report of the Colwyn Committee has proved fully the disastrous consequences of running private concerns partly by State—and partly by private management. During the War this could not very well be avoided, but after the War the continuance of the system was hardly justifiable. It would be wrong, however, to condemn the State-management and State-ownership of railways because of these experiences. Either State-enterprise or private enterprise might be justified, according to the economic conditions and the financial situation

* *Report of the Conference*, p. 181.

† Cd. 1,132.

‡ According to the original agreement between the State and the railway companies, the latter should, during the period of State-control, be guaranteed approximately the same net revenue as they had in 1913, and also be compensated with 4 per cent on their investment of capital. In 1916 the agreement was prolonged for a period to terminate two years after the end of the War. This explains the liability incurred by the State.

LABOUR POLICY

of the country, but a mixed system of State- and private management is bound to increase expenses and bring about financial disaster.

The Labour Party prepared a Bill, entitled the Ministry of Transport (Transfer of Railways) Bill, which sought to transfer the property of all the railways to the State within six months from the passing of the Bill.* The purchase would be effected on the basis of the pre-War market-price of the stocks, and by the issue of Government railway stocks in exchange for the existing railway shares charged on the undertaking and the consolidated fund. The direction of the undertaking would be in the hands of seven railway commissioners, a chairman, and two members appointed by the Minister of Transport, one appointed by the Treasury and the remaining three appointed by the Minister from nominations received from recognized railway trade-unions. The railway trade-unions should also co-operate with the Minister in order to settle the conditions of employment of the workers concerned.†

This Bill made no progress, as the Government on May 11th 1921 presented a Bill to the House of Commons providing for the reorganization and further regulation of railways and for the discharge of liabilities arising in connection with the possession of railways. The Bill was carried by both Houses and received Royal Assent on August 19th.‡

According to the provisions of this Act the railway system of Great Britain will be reorganized by a process of amalgamation into six groups. In order to deal with the scheme for amalgamation there shall be constituted a Railways Amalgamation Tribunal consisting of three commissioners, who shall hold office until the matters with regard to which they have jurisdiction have been settled.

The railway rates are to be determined by a Railway Rates Tribunal, consisting of:—(1) Three permanent members, to be appointed on the joint recommendation of the Lord Chancellor, the President of the Board of Trade, and the Minister of Labour. Of these members one, who shall be the President, shall be an experienced lawyer, one a person of experience in commercial affairs, and one a person of experience in railway business; (2) Forty-eight members, to be appointed by the President of the Board of Trade, the Minister of Labour, and the Minister of Agriculture, and to represent trading interests, labour, the railway com-

* *Public Bills* 1921, No. 53.

† Labour Research Department, *Monthly Circular*, 1921, p. 71. The Bill was introduced into the House of Commons on March 22nd 1921.

‡ 11 and 12 George V, ch. 55.

NATIONALIZATION OF INDUSTRIES

panies, the travelling public, and agricultural and horticultural interests.

The railway charges shall, so far as is compatible with the efficiency and economic working of the railways, be such as to secure to each amalgamated company a standard-revenue equivalent to that obtained in 1913, together with five per cent. on capital-expenditure whilst under Government control, and a further allowance in respect of large capital-expenditure not fully remunerative in 1913.

For the settlement of disputes as to wages and conditions of service a Central Wages Board and a National Wages Board shall be established. Disputes which have not been settled by agreement between the railway companies and the trade-unions must be referred to the Central Wages Board, composed of eight representatives of the railway companies and eight representatives of the trade-unions. Failing agreement the dispute must be referred further to the National Wages Board, composed of six representatives of the railway companies, six representatives of the trade-unions, and four representatives of the users of the railways* under an independent chairman appointed by the Minister of Labour.

With a view to securing and promoting either the public safety, or the interests of the public, of trade, or of any particular locality, the Railway and Canal Commission may order the railway companies, within specified limits, to afford reasonable railway services and to draw up measures ensuring the standardization of working, ways, plant, and equipment, as well as co-operation between the various groups.

Finally, the compensation to the railway companies for the period of Government control is fixed at £60,000,000.

It is clear that this Act has definitely excluded the nationalization of the British railway system from practical politics both for the present and in the near future. But at the same time it is clear that the Railways Act has secured public control over the working and service of the railways which is just as efficient as it would be under a system of nationalization. The workers, moreover, have infinitely more power and influence upon the management of the railways than they would have under a system of State-ownership and bureaucratic management such as prevails in Sweden.

It was feared in some quarters that, when the Government con-

* To be nominated as follows : one each by the Parliamentary Committee of the Trade Union Congress (now the General Council), the Co-operative Union, the Association of the British Chambers of Commerce, and the Federation of British Industries.

LABOUR POLICY

trol of the railways ceased—which actually happened in August 14th 1921—and when wages had to be re-placed on an economic basis, the same sort of Labour troubles would break out as had followed the decontrol of the mines. Hitherto the railwaymen, however, have adopted a more reasonable attitude than the miners from whose unhappy experiences during the coal-strike they have learnt a good deal.

“It hardly seems necessary,” says Lord Emmott, “to deal seriously with the proposal to nationalize land. In one sense the nationalization of land would involve the nationalization of all industries, for, strictly speaking, land cannot be separated from the buildings upon it in which the industries are carried on.”* However, the question of land-nationalization is a very old subject of political controversy, both within Parliament and outside it; this is due largely to the uneven distribution of land and to the non-existence of an independent peasant-class. This places the land-problem in Great Britain in a position which is entirely different from that which it occupies in such countries as France and the Scandinavian States, where the independent peasants own by far the largest portion of all cultivated land. It is only too natural that the British workman should find himself at a disadvantage as compared with those propertied land-workers. On the other hand, it must be remembered that land-reform in England is largely a problem of industrial distribution, and that accordingly it must be considered with regard to the general industrial situation. That Great Britain has concentrated her productive powers upon manufacture and has reduced agricultural production is not merely a matter of discretion on the part of the landowners but is largely the result of increasing competition from the big corn-producing countries and of the fact that the community as a whole yields larger proceeds in this way than it would if its productive powers were engaged more largely in agriculture. There is no doubt that the nationalization of land would widen the field for agricultural work by removing the limitations imposed by the large land-owners, and that in this way productive power would be drawn from industry to agriculture; but it is difficult to foresee whether this disturbance of the industrial balance would be to the good of the country. Undoubtedly the country would be more self-supporting—provided that the efficiency of production were not reduced under State-management, be it noted,—but it is doubtful whether the aggregate result of national production and the standard of living could be maintained.

* Lord Emmott, *Ibid.*, p. 70.

NATIONALIZATION OF INDUSTRIES

Persistent propaganda in favour of land-nationalization has been carried on by the Land Nationalization Society, and in June 1921 the Labour Party introduced a Bill "to provide for the nationalization of all land in Great Britain and the abolition of private property therein."* The Bill, which was unsuccessful, was re-introduced in March 1922.† The object of the Bill is to transfer all land that is not already the property of the Crown or of any other public authority from private to public ownership, and to place it under the administration of a newly-created Ministry of Lands. The Government shall pay compensation to the land-owners, the total amount of this compensation to be calculated as twenty times the annual income derived from the land at the time of purchase and the payment to be effected in Government bonds—National Land Stock—bearing 5 per cent. interest; the bonds shall be redeemable at par at the end of thirty years by means of a sinking-fund or by the provision of money in such other way as Parliament may determine. An important feature of the Bill is that the nationalization will include only those buildings which are situated on agricultural land, whereas the ownership of all other houses or of any factories or other works situated upon or within the land will remain undisturbed. Tenants and lease-holders may purchase from the State the buildings that they occupy.

The Land Nationalization Society has estimated the aggregate value of land and farm-buildings in Great Britain at approximately £1,400,000,000.‡ In the present state of national finance it would be impossible to engage the Government in a business involving a sum of this magnitude. Even if it were to be paid off over a period of thirty years, it would mean a considerable increase in the already excessive burden of the tax-payers.§ Under such circumstances land-nationalization is a measure which no responsible Government would consider seriously.

Before terminating our study of the nationalization-problem in Great Britain we ought to say a few words as to the public ownership and control of the water-power used for industrial and other purposes. It is clear that this matter is not of the same vital importance to Great Britain, with her limited supply of water-power, as it is, for instance, to Sweden and Norway, where there are large resources of water-power and where the majority of all industrial enterprises

* *Public Bills* 1921, No. 135.

† *Public Bills* 1922, No. 65.

‡ Lord Emmott, *Ibid.*, p. 70.

§ Allowance must be made for the probable reduction of income derived from the land, at least during the first period of the new system.

LABOUR POLICY

are run by electric power. However, the question is more important than one might suppose at a cursory glance because, on the one hand, the centralization of the British industries will (as pointed out by the Electric Power Supply Committee*) enable losses in transmission of electricity to be minimized, and, on the other hand, the difficulties in harnessing the tides may be overcome sooner or later so that the available supply of water-power will be increased enormously. It has been estimated that if the Severn tides were utilized for electric generation the power obtained would amount to some 260,000 Kilowatts, which would mean the saving of $1\frac{1}{4}$ to $2\frac{1}{2}$ million tons of coal annually.†

The Labour Party has placed on the programme the nationalization of all electric power in the country whether used for industrial, trade, or domestic purposes. A similar course was recommended by the Electric Power Supply Committee in 1918, which made the following statement:‡

"After full consideration we have come to the conclusion that in the national interest, generating stations and main transmission lines ought, as a general rule, to be publicly owned, and for this purpose a District Electricity Board should be set up in each of the districts when constituted, to which the generation and main transmission system should be transferred. The Order of the Commissioners which delimits the district should incorporate the District Electricity Board. . . . We recommend that District Electricity Boards should be established:—(a) To acquire all the generating stations and main transmission systems within their districts (excepting stations for private supply). (b) To link up and develop the supply of electricity. (c) To erect new stations as and where necessary. (d) To acquire and utilize wherever practicable surplus electricity and waste gas and heat . . . and other sources of power. . . . We are of opinion that District Electricity Boards should have power to acquire generating plants of magnitude at present owned by railways, tramways, or other public utility concerns, and that the supply to these undertakings should be combined with that to other consumers of power. Main line electrification may not take place immediately, but will undoubtedly come. Meantime, large extensions of the use of electric power for railways in connection with urban, suburban, and special goods traffic, are imminent. The importance of combining the supply to railways, tramways, and other classes of consumers, is beyond doubt, and we

* *Report of the Committee*, 1918, cd. 9,062, p. 7.

† *Final Report of the Water Power Resources Committee*, 1921, S.O. publication, p. 78.

‡ *Ibid*, p. 9.

NATIONALIZATION OF INDUSTRIES

believe that each of them will benefit thereby. Combination will also save duplication of capital expenditure on reserve generating plant which would otherwise be necessary."

On June 20th 1918 the Board of Trade appointed a Committee, under the chairmanship of Sir John Snell, "to examine and report upon the water-power resources of the United Kingdom and the extent to which they can be made available for industrial purposes." In October 1919 the terms of reference were extended by the following additional instruction:—"To consider what steps should be taken to ensure that the water-resources of the country are properly conserved and fully and systematically utilized for all purposes." The Committee has issued altogether five reports, the last of which was presented on November 17th 1921.*

We are concerned here only with the recommendations of the Committee as to the public control and ownership of water-power developments. The scheme proposed by the Committee was similar to the above-described system of Concession Laws prevailing in Norway. The Committee considered that the water-power resources of Great Britain were so important to the nation that they should be regulated effectively and utilized to the greatest possible extent.

For this purpose the Committee recommended that all schemes for the development of water-power should be submitted to the Water Power Department, and that this Department should have power to grant or refuse licences for the carrying out of such schemes. Licence should not be required, however, for the development of water-power resources with a capacity of less than 100 horse-power, but such enterprises should be registered in the Water Power Department. Normally a licence should cover a period of 100 years, but the State should retain the option of terminating the licence at any time after 60 years from the commencement of the period. The licence should contain provisions as to the date by which the works (or certain specified portions of them) must be completed, as to the amount of power to be reserved for local needs, and as to the area where, and the price at which, it must be supplied.

The most important recommendations of the Committee were those relating to the terms upon which the undertaking should revert to the State. If the licensee had retained possession of the enterprise for 100 years the permanent or imperishable part of it should pass to the State free of charge, whereas if the license were terminated earlier the State should pay compensation proportionate to the length of the period by which the licence was shortened. With regard to the perishable part of the undertaking the State

* *Ibid*, pp. 79 and 80.

LABOUR POLICY

should pay compensation equal to its original cost less depreciation ; this depreciation should in general be calculated on the assumption that the value of the plant had decreased uniformly throughout the period during which the plant had been used.

These were the main recommendations of the Water Power Resources Committee with regard to State-control of British water-power developments. Obviously legislation on the lines proposed by the Committee would mean that the State declared itself to be the rightful owner of all the large water-power resources in the country, and consequently that it claimed the right to require compensation for the use of water-power. It is this claim that would justify the State in taking over the permanent plant of generating-stations without any compensation whatsoever. There seems to be justice in the claim that all the motive power of the country should, so far as practicable, be owned by the community and utilized for the benefit of the whole nation. Where coal is concerned there would be great difficulties in putting this principle into practice because the system of private ownership in the coal-mining industry is already established and is rooted too deeply to be abolished without causing serious economic and financial disturbance. In the case of water-power the situation is different. The development of water-power is as yet only in its initial stages, and the introduction of State-control, as proposed by the Committee, could take place, no doubt, without exercising any disturbing influence upon the industrial situation. The proposed licence-period of 60 to 100 years seems to be long enough to avoid the danger that the development of private enterprise might be checked.

7—GENERAL SURVEY

We have seen how the nationalization-problem has been tackled in various countries. Speaking generally it may be said that the actual progress of nationalization in each country has been dependent upon the general opportunities for State-enterprise in that country. The enterprises which are conducted by the State in all the countries which we have considered here are organized on bureaucratic and capitalist principles and they compete effectively with private undertakings. In a wealthy country, such as Great Britain, where capital is abundant, State-initiative in industry and transport has hardly been necessary hitherto, for private initiative has been quite sufficient to promote and develop the productive powers of the country ; whereas in poor countries, like Sweden and Norway, State-initiative has had to supplement private initiative in the case

NATIONALIZATION OF INDUSTRIES

of large enterprises of national importance. France and Denmark are intermediate types, in which State-enterprise is developed less fully than in the two former countries. In none of the above countries can State-enterprise be said to have trespassed upon the sphere of private enterprise, and to have thereby checked the industrial development of the country.

There is one point on which there seems to be remarkable agreement in all the countries under survey, and that is the principle that in each country the State is the rightful owner, and consequently has the right to control the use of, all the natural resources of motive power. The extent to which this principle has been put into practice, however, varies considerably in the different countries and depends partly upon the amount and nature of the resources concerned and partly upon the prevailing system of ownership.

In Sweden and Norway the large resources of water-power—which in these countries correspond to the coal-resources in Great Britain—have been developed on a large scale only recently, and the State has assumed control over these developments in their initial stages. Swedish legislation has secured to the State the right to purchase all large water-power establishments, whereas Norwegian legislation has gone a step further and has secured the transference, after a certain period, of all large water-power stations from private to public ownership without any compensation whatsoever. A similar course has been adopted by recent French water-power legislation, and has also been recommended in Great Britain by the Water Power Resources Committee, with this difference that according to the scheme of the Committee the perishable parts of water-power establishments should be paid for by the State.

In Great Britain the landowners own not only the surface-soil of their land but also what lies beneath the surface ; on the other hand French law regards the State as the rightful owner of the earth at a certain depth below the surface. The ownership of mines, however, can be acquired by private persons through State concessions, but only on condition that the State retains a certain control over their production and participates in their profits. In spite of the difference between the legal positions of the mining-undertakings in Great Britain and France there is no doubt that the British Government also has the right to assume control over the production of coal should this be deemed advisable in the interests of the community. This principle was confirmed by the Government acquisition of the mining-royalties, and by the establishment of the Mines Department of the Board of Trade.

With regard to the problem of nationalization France occupies a position which is entirely different from that of Great Britain.

LABOUR POLICY

In the first place, the attitude of the French workers makes the whole problem even more vague and remote than it is in the United Kingdom. While the British workers demand nationalization by State-purchase, and are willing to accept a certain degree of Government control over nationalized industries, the French Syndicalists reject State-purchase, demand nationalization by confiscation, and will not accept control of any sort by a *bourgeois* Government. This attitude explains why nationalization cannot be considered seriously by the French Parliament as a matter of practical politics. Furthermore, it is important to remember that France possesses no industry of the same character and of the same importance, from the point of view of the whole industrial situation of the country, as the British coal-mining industry. Agriculture is the principal industry of France, but nationalization of land is hardly possible by means of State-purchase owing to the immense amount of money that would be required. Moreover, the insuperable opposition of the independent peasants to a measure which would deprive them of their hereditary land makes it out of the question. Apart from agriculture there is no industry in France where nationalization would exercise such a powerful influence upon other industries as would the nationalization of the coal-mines in England. The French Socialists, however, have given some attention to the by-industries of agriculture, and recommend the nationalization of the large nitrate- and sugar-trusts; but, even if they were to succeed in effecting this, the nationalization of these industries would hardly have very far-reaching economic consequences for the country as a whole.

In Great Britain the question of nationalization has, to say the least, been definitely postponed. Nationalization of the coal-mines which, no doubt, would cause serious and extensive economic disturbances, has been rejected by the Government as a bad business-proposition; a complete scheme of railway reconstruction has been carried into effect; and the nationalization of railways as well as that of land would meet with insurmountable obstacles during the present state of national finance. Moreover the result of the nationalization of Russian industries, which has enslaved the workers and has led to a more extensive famine than has ever before been witnessed in Europe, has not failed to impress the working-classes in all civilized countries. A decided reaction against extremist principles and methods is in progress among British workers, under the leadership of experienced Trade Unionists who look upon the realities of life with an open and wary mind. They repudiate not only the Utopian ideas of general nationalization and collectivism but also the violent and wasteful measures of direct action which have caused so much suffering among the British working-classes.

NATIONALIZATION OF INDUSTRIES

But this is not all ; many workers are really beginning to understand that their interests are not opposed to but identical with those of their employers, and that high efficiency of production and increased output are the only means by which a lasting improvement in the standard of living of the working-classes can be secured.

That, from a business point of view, private ownership and management are always superior to State-ownership and management has hardly been proved either in theory or by experience. There is no doubt that under certain conditions State-enterprise may be superior to private enterprise. The relative advantages of State-enterprise depend upon the form of State-management which is adopted, the kind of industry concerned, the educational standard of the workers, the conditions of export and import, the conditions of national finance, and the general economic, social, and political situation of the country. The advantages of nationalization, therefore, must be considered carefully in each particular case, and it would be a great mistake to reject the nationalization of a special industry for the sole reason that private enterprise is, as a rule, more economic than State-enterprise. On the other hand, as we have seen, any attempt to nationalize industry as a whole is bound to bring about disaster.

APPENDIX I *

NOTES ON THE ORGANIZATION AND WORK OF THE MINISTRY OF LABOUR

HISTORICAL.

THE Ministry of Labour was established under the authority of the new Ministries and Secretaries Act, 1916. In accordance with Section 2 of that Act, the powers, duties, and staff of the Board of Trade appertaining to the Chief Industrial Commissioner's Department, the Office of Trade Boards, and the Labour Exchanges, and the Employment and Insurance Department, were transferred to the Ministry of Labour by Order in Council as from the 10th January 1917. The statutory authority thus transferred to the Ministry of Labour rested upon the Conciliation Act, 1896, the Labour Exchanges Act, 1909, the Trade Boards Act, 1909, and the National Insurance (Unemployment) Act, 1911, together with the subsequent amending legislation in each case.

In July 1917 the Department of Labour Statistics was transferred to the Ministry of Labour from the Board of Trade. The functions of the Labour Adviser to the Government also passed to the Ministry of Labour.

When the War Cabinet decided to adopt the proposals of the sub-Committee of the Reconstruction Committee on the Relations between Employers and Employed,† in regard to the formation of Joint Standing Industrial Councils, as part of the Government's policy in the field of industrial reconstruction, the Ministry of Labour was entrusted with the duty of carrying out the policy adopted. An Industrial Councils Division was instituted in 1917 to deal with this work. Early in 1918 the Appointments Department was formed by the amalgamation of the Officers' University Technical Classes transferred from the Ministry of Munitions and the Business and Professional Register hitherto associated with the branch controlling Employment Exchange organization. At

* Prepared very courteously by the Intelligence and Statistics Department of the Ministry of Labour.

† Usually spoken of as the "Whitley" Committee.

LABOUR POLICY

the end of October 1918, therefore, the Ministry of Labour consisted, apart from the headquarters staff at Montagu House, of (1) the Chief Industrial Commissioner's Department, dealing with the Conciliation Act, 1896, (2) a division dealing with the formation of Joint Standing Industrial Councils, (3) a division administering the Trade Boards Acts, (4) the Employment Department, mainly administering the Labour Exchanges Acts, and the National Insurance Acts, and (5) the Appointments Department.

Subsequent developments of policy involved the institution, after the Armistice, of the Wages and Arbitration Department, developed partly from the Chief Industrial Commissioner's Department and partly from the Labour Regulation Department of the Ministry of Munitions. On the 31st October 1918 the Demobilization Committee of the War Cabinet approved the formation, as recommended by the Ministry of Reconstruction, of the Department of Civil Demobilization and Resettlement, to deal with the civil side of demobilization, and with the resettlement in industry of ex-members of the Forces and of civilians engaged on war-work. In pursuance of this decision, the Ministry of Labour took over the staff of the Labour Supply Department of the Ministry of Munitions, which, together with the Employment Department and the Appointments Department, were placed under the control of the Controller-General of Civil Demobilization and Resettlement.

The Training Branch of the Labour Supply Department of the Ministry of Munitions, which had hitherto been concerned with training for munition-work, shortly after its transference to the Department of Civil Demobilization and Resettlement, took over the functions of the Ministry of Pensions as regards the industrial training of disabled men, except where such training was given for purely curative purposes. The branch was then constituted a separate Department of the Ministry early in 1919. On the relaxation of the immediate pressure of the work caused by demobilization, the Department of Civil Demobilization and Resettlement was resolved into its component parts, as from the 16th June 1919. A Department of Intelligence and Statistics, to amalgamate the intelligence work performed with the work of the Department of Labour Statistics, was authorized by the Treasury on the 30th November 1918. This amalgamation was carried into effect during 1919. The duty of administering the Retail Businesses Licensing Order was transferred to the Ministry of Labour from the Ministry of National Service at the beginning of March 1919, the staff being attached to the Employment Department. This Order was cancelled on the 31st December 1919, and all work under it ceased on that date.

APPENDIX I

The administration of the Military Service (Civil Liabilities) Schemes, together with the staff engaged on this work was transferred in 1919 to the Ministry of Labour from the Local Government Board.

In November 1918 the Treasury authorized the creation of the Establishments Department of the Ministry to undertake the whole of the establishment work in the Ministry. Towards the end of December 1918 the financial and accounting work of the Ministry as a whole was centralized in a separate Department the Accountant-General's Department, and the Solicitor's Department was called into being to deal with all legal questions affecting the Ministry.

ORGANIZATION AND DUTIES OF DEPARTMENTS.

It will be seen that the Ministry of Labour took over large blocks of work from other Departments, some of which is permanent, but much of which is of a temporary nature arising directly from the War. Much new work was added, both of a permanent and of a temporary character. The organization of the Ministry, and the distribution of its functions among Departments, has therefore varied from time to time. With the diminution, however, of the pressure of work connected with resettlement, the Ministry has now received an organization which promises to be permanent.

At the head of the Ministry is the Minister, assisted by the Chief Labour Adviser, the Secretary and the Parliamentary Secretary, together with Assistant Secretaries, in charge of each Department of the Ministry. These meet regularly in the Standing Departmental Conference, whose main function is the co-ordination of various activities of the Ministry. The various Departments of the Ministry and their respective functions are as follows :—

(1) *Industrial Relations Department.* This Department, formed by the amalgamation of the Wages and Arbitration Department, and the Industrial Councils Division, is responsible for the administration of the Conciliation Act, 1896, and the Industrial Courts Act, 1919, providing for the avoidance, investigation and settlement of trade-disputes, and of the Coal Mines (Minimum Wage) Act 1912 and the Restoration of Pre-War Practices Act, 1919. It deals also with questions arising from the Fair Wages Clause, which, by resolution of the House of Commons, is inserted in all Government contracts. It is responsible also in general for all matters connected with, or arising out of trade-disputes. For this purpose, it is divided into a number of branches, each dealing with disputes and kindred matters arising in a particular group of industries. The work of the Department in the provinces, which consists largely

LABOUR POLICY

of watching, endeavouring to prevent, and conciliating trade-disputes, is done by a staff of local Conciliation Officers with offices established in the principal industrial centres.

The Department deals also with the application to industry of the "Whitley" Reports. This involves preliminary investigation and negotiation with a view to the creation of Joint Industrial Councils and the subsidiary local bodies (District Councils and Works Committees) recommended by the "Whitley" Reports. Assistance is given in setting up such bodies, and help is offered to the Councils, when established, in order to co-ordinate their activities and to assist in their negotiations with Government Departments. By the 1st December 1920 65 Councils had been brought into existence. In addition there are a number of Interim Industrial Reconstruction Committees, intended to pave the way for the formation of Joint Industrial Councils in industries where the employers, the employed, or both, are not yet sufficiently organized to enable a Joint Standing Industrial Council to operate in a satisfactory manner.

(2) *General Department.* The organization and functions of this Department are as follows :—

(a) *The Trade Boards Division* is responsible for the general administration of the Trade Boards established under the Trade Boards Acts 1909 and 1918, in order to fix minimum-rates of wages and conditions of labour in trades where there is no other adequate machinery for the purpose. This involves the conducting of negotiations for the establishment of Trade Boards, the scrutiny of rates of wages of Trade Boards submitted to the Minister for confirmation as legally binding, and subsequent inspection to secure compliance with decisions. The Trade Boards, when established, are independent bodies, although they are financed and provided with the necessary staff by the Ministry, and although the rates which they propose are subject to the Minister's approval. In the Office of Trade Boards, a secretarial and clerical staff is provided for the Trade Boards which are set up. The number of Trade Boards in operation on the 1st December 1920 was 61. The Boards consist of an equal number of representatives of employers and employed, together with independent members, usually three, appointed by the Minister of Labour.

(b) *The Intelligence and Statistics Department* is responsible for the collection classification, and distribution of information relating to labour matters, and for the collection,

APPENDIX I

collation, and distribution of labour statistics. It is organized in three divisions :—

- (i) *The Home Intelligence Division* charged with the collection and recording of non-statistical information dealing with labour matters in the British Isles.
- (ii) *The Home Statistics Division* is responsible for the collection, co-ordination and publication of statistics dealing with Labour matters in the British Isles. The division produces monthly the *Labour Gazette*, in which the cost-of-living index number, on which many trade-agreements as to wages are based, is published.
- (iii) *The Overseas Division*, engaged on the collection and publication of information, statistical or otherwise, relating to Labour matters in the British Empire, Overseas, and in foreign countries.
- (c) *The Parliamentary and General Branch* are responsible for arrangements in connection with questions asked in Parliament as to the work of the Ministry and with other Parliamentary work, and for general correspondence with other Departments and similar business.

Pending the establishment of permanent machinery, the Ministry of Labour, in consultation with the Departments primarily concerned, and in *liaison* with the Cabinet Secretariat, co-ordinates the work and advises upon the matters which arise as a result of the establishment of the International Labour Organization. These duties include the preparation of replies to *questionnaires* issued by the International Labour Office, the initiation of the action necessary to enable His Majesty's Government to comply with its obligations under Article 405 of the Treaty of Versailles, and general correspondence relating to international labour matters. The secretarial work involved is performed by the Parliamentary and General Branch.

(3) *Employment and Insurance Department.* This Department is concerned primarily with the administration of the Labour Exchanges Acts and the Unemployment Insurance Act, 192c. It also administers the temporary scheme of non-contributory out-of-work donation, instituted during the period of resettlement for unemployed ex-Service men and civilian workers, but now available only for members of the former class.

The local work of the Department is carried out by the officials of the Employment Exchanges, which are grouped in 10 divisions,

LABOUR POLICY

each under a Divisional Controller. Special sections of the Exchanges deal with women, juvenile workers, and disabled ex-Service men. Branch Offices have been established in outlying districts, where there is not scope for a separate Employment Exchange; they are affiliated to the nearest Employment Exchange.

The headquarters staff of the Department is divided into five branches, dealing with special aspects of the work assigned. Thus one branch is primarily responsible for matters in connection with the employment of ex-Service men, including the National Scheme for the employment of disabled members of the Forces. A second is concerned with the employment of juvenile workers and women.

A special branch, the Overseas Settlement Branch, deals with questions affecting emigration to foreign countries and settlement overseas within the Empire. In this work it administers the policy laid down by an Inter-Departmental Conference on which Departments other than the Ministry of Labour are represented, and works in close touch with the Overseas Settlement Committee of the Colonial Office.

(4) *Irish Department.* The functions of the Irish Department lie broadly in the performance in respect of Ireland of the same work as that performed for Great Britain by the various Departments of the Ministry in London. It is organized in four divisions dealing respectively with wages, conditions of work, and kindred topics; employment and insurance; industrial training and the work of the Appointments Department; and intelligence and statistics.

(5) *Finance Department.* This Department supervises and controls the financial and accounting work of the Ministry, negotiating with the Treasury in all matters other than those dealt with by the Establishments Department.

(6) *Establishments Department.* This Department deals, for the whole of the Ministry, with all questions affecting staff, accommodation, office organization, and kindred matters.

(7) *Solicitor's Department.* This Department advises the Ministry in all its branches on legal questions connected with the work of the Ministry and conducts any prosecutions or civil proceedings which may arise in connection with this work.

(8) *Training Department.* This temporary Department is responsible for the industrial training of ex-members of the Forces, especially the disabled, other than officers and men of equal educational qualifications. It administers the Interrupted Apprenticeship Scheme, which aims at securing the resumption of training, with State-assistance, of men whose apprenticeship was interrupted by war-service. The wages of the apprentice over the age of 21 are made up to that of a journeyman until the period of apprentice-

APPENDIX I

ship expires, the cost being chargeable in part to the Government. The Department was also given authority after the conclusion of the Armistice, to provide training in normal women's occupations for unemployed women registered at the Employment Exchanges, who, having been engaged on war-work, have lost skill in their previous occupation, or have been deprived of the usual opportunities of learning one of the occupations recognized as suitable for women. This training work, however, is now practically at an end. The Ministry has also authority to provide training for nurses, disabled in the War, to fit them for new occupations, and, in certain cases, to provide training for the widows or dependants of officers and men deceased during the War. The final date for application for training under this last scheme has now passed. The local work of the Department is carried on under a Divisional Director in each of the 16 divisional areas. As regards disabled men, in most trades, the nature of the training given and the number of men admitted are settled in consultation with National Trade Advisory Committees and Local Technical Advisory Committees on which employers and employed are represented.

(9) *Appointments and Civil Liabilities Department.* The Appointments and Civil Liabilities Department, also a temporary Department, deals with the resettlement of officers and men of like educational standing, the resettlement in suitable employment at home and abroad of qualified or trained officers and men, disabled or non-disabled, and also with the provision of employment for civilians of equivalent professional standing. In order to provide advice and help locally at convenient centres, the work of the Department is decentralized, and carried on in 10 Districts.

The Department is responsible for the administration of training under the Maintenance and Training Grants Scheme. This scheme, sanctioned in December 1918, made provision for the training of ex-officers and ex-Service men of equal educational standing, and applied to the fit and the disabled alike. The normal closing date for application has now passed. The scheme is administered, so far as higher educational training is involved, by the Board of Education in England and the corresponding offices in Scotland and Ireland, and, so far as agricultural training is involved, by the Ministry of Agriculture and Fisheries in England and Wales and the corresponding Departments in Scotland and Ireland. The Ministry of Labour is responsible for the provision of training for business and professional careers, and acts as a common avenue of approach for all making application under the scheme.

The Department performs similar functions in connection with the special provision made for the training of disabled officers under

LABOUR POLICY

the Royal Warrant for Pensions (Officers) 1917. It is responsible also for the administration of the Business Training Scheme, which aims at placing suitable unemployed officers or men with firms who will undertake to train them for business appointments. The length of training is limited to one year. The employer is expected to give an honourable undertaking to employ the trainee subsequently for at least one year, the trainee at the same time undertaking to stay with the firm should he be found suitable.

The Department is also charged with the registration for employment, and the placing in employment, of ex-officers and, ex-Service men of the ranks, and civilians who are suitable for posts of a professional or higher commercial type.

It is also charged with the administration of the Military Service (Civil Liabilities) Schemes. Under the scheme of 1916, assistance was given to certain officers, and men unable, by reason of their military service, to meet without serious hardship certain specified financial obligations. Under the Civil Liabilities Re-settlement Scheme, 1918, similar assistance may be given to demobilized members of the Forces, who, by reason of their military service, are still unable to meet these specified financial obligations, while assistance may also be given to enable a man to resume business, providing for him, stock-in-trade, shop-fittings, etc., or, in the case of a workman, the tools necessary for the resumption of his occupation.

The work of this Department, both as regards training and appointments, is largely carried out with the assistance of panels of business men, who undertake to interview all candidates and to endeavour to enlist interest in their case. As regards appointments, up to the close of November 1920, the total number of candidates known to have been placed exceeded 45,000.

(10) *Publicity Branch*. This small branch is responsible for publicity in connection with the work of the Ministry in all forms, whether through the Press by means of advertisements, posters, and pamphlets, or by other means.

Department of Intelligence and Statistics,

27th December, 1920.

APPENDIX II*

FRANCE

MINISTRY OF LABOUR.

ACTUARIAT SERVICE.

Study of technical questions relating to workers' pensions, miners' pensions, mutual aid societies ; fixing of scales ; tables of mortality sickness and disablement.

DIRECTORATE OF LABOUR.

1ST OFFICE.

Office of Labour, unemployment, and Labour Exchanges.

2ND OFFICE.

Regulation of labour and wages.

3RD OFFICE.

Industrial hygiene and safety.

4TH OFFICE.

Vocational associations, Conseils de Prud'hommes, labour contracts.

SERVICES ATTACHED TO THE DIRECTORATE OF LABOUR

LABOUR INSPECTION.

CENTRAL EMPLOYMENT OFFICE.

INSPECTION AND SUPERVISION OF FOREIGN LABOUR.

EMPLOYMENT OFFICE FOR THE AUXILIARY STAFF IN PUBLIC AND PRIVATE ADMINISTRATIONS.

DISTRICT PLACING OFFICES :

Paris, Lille, Nantes, Lyons, Marseilles, and Toulouse.

DIRECTORATE OF WORKERS' AND PEASANTS' PENSIONS

1ST OFFICE.

General administration and legal department.

* *International Labour Directory*, Geneva, 1921, pp. 37-38.

LABOUR POLICY

2ND OFFICE.

Liquidations.

3RD OFFICE.

Technical supervision.

EXTERNAL SERVICES

GENERAL STATISTICAL OFFICE OF FRANCE

Statistics of population, industrial statistics, economic statistics, social statistics.

SERVICE OF OBSERVATION OF PRICES

Observation of prices in France ; observation of prices abroad.

SERVICE OF SUPERVISION OF PRIVATE INSURANCE SOCIETIES

SUPERVISION OF SOCIETIES FOR INSURANCE AGAINST INDUSTRIAL ACCIDENTS.

Councils, Committees and Commissions

SUPREME COUNCIL OF PUBLIC HEALTH.

SUPREME COUNCIL OF PUBLIC RELIEF.

SUPREME COMMISSION OF INDUSTRIAL LABOUR.

COMMISSION OF INDUSTRIAL HYGIENE.

COMMISSION FOR CODIFICATION OF LABOUR LAWS.

SUPREME COUNCIL OF LABOUR.

SUPREME COUNCIL OF STATISTICS.

SUPREME COUNCIL OF CO-OPERATION.

SUPREME COUNCIL OF WORKERS' AND PEASANTS' PENSIONS.

CONSULTATIVE COMMISSION ON DISABLEMENT.

COMMISSION FOR PREPARING THE DISTRIBUTION OF SUBSIDIES TO WORKERS' ASSOCIATIONS FOR PRODUCTION AND CREDIT.

COMMISSION FOR PREPARING THE DISTRIBUTION OF SUBSIDIES TO CONSUMERS' CO-OPERATIVE SOCIETIES AND UNIONS OF SOCIETIES.

COMMISSION ON UNEMPLOYMENT FUNDS.

COMMISSION ON PUBLIC EMPLOYMENT OFFICES.

SUPREME COUNCIL OF ECONOMIC DWELLINGS.

SUPREME COMMISSION OF SAVINGS BANKS.

SUPREME COMMISSION OF THE NATIONAL FUND FOR OLD AGE PENSIONS.

SUPREME COMMISSION OF DEATH AND ACCIDENT INSURANCE FUNDS.

APPENDIX II

CONSULTATIVE COMMITTEE ON INSURANCES AGAINST INDUSTRIAL ACCIDENTS.

CONSULTATIVE COMMITTEE ON LIFE INSURANCE SOCIETIES.

CONSULTATIVE COMMITTEE ON CAPITALISATION AND SAVINGS UNDERTAKINGS.

CONSULTATIVE COMMITTEE ON RE-INSURANCE AND CONTRACT INSURANCE.

SUPREME COUNCIL ON MUTUAL AID SOCIETIES.

APPENDIX III*

SWEDEN

MINISTRY OF SOCIAL AFFAIRS.

DEPARTMENT FOR SOCIAL AFFAIRS.

1ST BUREAU

General social questions. Employment and unemployment; Labour Exchanges; immigration and emigration; relations between employers and workers; labour contracts and industrial agreements; industrial disputes and official conciliation.

Suppression of alcoholism; care of inebriates. Housing questions.

Under this office are: the official conciliators; special conciliators who may be named for particular branches of industry; special arbitrators for labour disputes.

2ND BUREAU.

Protective Labour legislation; supervision of Labour in matters of safety and hygiene; child labour and women's labour, and hours of work; measures for welfare of the workers.

The Factory Inspectorate is under this Bureau.

9 District inspectors, local supervisory bodies, and 5 mining district inspectors, also women inspectors, and special inspectors for certain technical branches.

3RD BUREAU.

Sickness insurance institutions; registration and supervision of voluntary sickness insurance institutions and mutual aid societies.

4RD BUREAU.

General social statistics; preparation of current social statistics relating to the various activities of the Administrative Department of Labour; publication of statistical results.

5TH BUREAU.

Special inquiries in social statistics; important investigations in social statistics not of a periodical character.

* *International Labour Directory*, Geneva, 1921, pp. 87-89.

APPENDIX III

6TH BUREAU.

Legislation and administration ; preparation in collaboration with the other bureaux or with special experts of draft Bills on matters within the competence of the Administrative Department of Labour ; consultative functions in connections with Bills drafted in other Departments in which this Department is interested ; advice on legal questions to the various sections of the Department ; certain matters of administration.

SPECIAL SECTION.

Statistics of prices and co-operation.

ATTACHED TO THE ADMINISTRATIVE DEPARTMENT.

SOCIAL COUNCIL (consisting of five sections).

SOCIAL COMMISSIONERS.

One representing the employers and another the workers.

The Social Council and Social Commissioners are meant to provide a point of contact for the Administrative Department with the groups concerned in its activities, and to put at its disposal a more extensive knowledge of special subjects.

LABOUR COUNCIL.

Consists of two representatives of employers' organizations ; two of workers' organizations and at least three members appointed by the Government ; settles questions of the applicability of the law relating to hours of work to doubtful categories of work and workers, grants exemptions from this Act, and is consulted on its interpretation.

THE CENTRAL COURT OF ARBITRATION.

Consists of 7 members ; three appointed by the Government, two by the General Association of Employers, and two by the National Confederation of Trade Unions ; settles by arbitration disputes concerning the application and execution of industrial agreements.

THE ROYAL INSURANCE COUNCIL.

Consists of at least 7 members appointed by the Government, including two representatives of employers and two of the workers ; deals with complaints concerning the administration of the Labour Accidents Insurance Act.

LABOUR POLICY

THE STATE INSURANCE OFFICE.

Deals with matters of compulsory insurance against industrial accidents.

ROYAL PENSIONS BOARD.

Matters relating to old-age pensions insurance under the Act of June 1913.

SWEDISH DELEGATION FOR INTERNATIONAL COLLABORATION IN SOCIAL POLITICS.

Watches, in conjunction with the competent authorities, the interests of Sweden in matters of international co-operation concerning social welfare, and arranges the participation of Sweden in the conferences of the International Labour Organization.

APPENDIX IV*

ORGANIZATION OF NORWEGIAN GOVERNMENT DEPARTMENTS DEALING WITH QUESTIONS RELATING TO LABOUR.

I. GOVERNMENT DEPARTMENTS DEALING WITH LABOUR AND ALLIED MATTERS: THEIR ORGANIZATION, DUTIES, AND POWERS:

(1) *Det Kongelige Departement for Sociale Saker (the Royal Department of Social Affairs).*

The Head of the Department is a member of the Government and thus a change of Government means a change of Head.

The Department has the following Divisions:

A. *Den Almindelige Afdeling* (the General Division).

The Division is sub-divided into the following four Offices:

1. *Iste Socialkontor*, (1st Social Office), dealing with the administration of laws concerning the protection of industrial workers; compulsory conciliation and arbitration; home-industries; minimum-wage for clerks and shop-assistants; and sickness-, accident- and unemployment-insurance. The Office deals also with matters concerning Government factory inspection, the Council of Labour, the State Insurance Institution, the Public Labour Exchanges, and the laws concerning inflammability. At present the Office is dealing also with the preparation of new Acts concerning the protection of industrial workers and sickness- and accident-insurance.

2. *2nd Socialkontor*, (2nd Social Office), dealing with the administration of laws concerning alcoholic beverages (not including the Prohibition Laws, mentioned below under 3rd Office), inns, hotels and restaurants, the Norwegian State Small Holdings and Dwellings Bank, the Government Pension Funds, emigration, and the care of children (not including the laws concerning neglected children, this coming under the Department of Education). The Office deals also with matters concerning the Central Statistical Bureau, questions of abstinence and morality, and the control of life insurance companies, etc.

* Prepared very courteously by the Norwegian Department of Social Affairs.

LABOUR POLICY

3. *3die Socialkontor* (3rd Social Office), dealing with the administration of the Prohibition Laws (including the exercise of the Department's powers of dispensation) and the laws concerning substitutes (adulterations).

4. *Kontoret for Fattigvesenet og offentlige stiftelser* (Office of Poor Relief and Public Foundations), dealing with the Poor Laws, public foundations, and legacies.

B. *Avdelingen for Lovforberedelse og Statistikk* (Division dealing with the preparation of Acts and of Statistics).

1. *Lovkontoret* (Office of Laws), dealing with the investigation of social questions and the preparation of most of the "social" laws (cp. however, those under A. 1). The following questions of law have been or are being dealt with: invalid- and old-age insurance, care of children (not including neglected children, this coming under the Department of Education), alcoholic beverages, the Norwegian State Small Holdings and Dwellings Bank, industrial home-work, minimum-wage for clerks and shop-assistants, compulsory conciliation and arbitration, unemployment insurance, Labour Exchanges, emigration, workers' participation in the management and dividends of industrial undertakings, nationalization and housing (the last-mentioned is, however, now in the hands of the Office of Housing, see below). The Office has to deal also with the Social Councillors at the Norwegian Legations abroad, and it is also the channel of communication between the International Labour Office and the Norwegian Authorities.

C. *Medicinalavdelingen* (Division dealing with Medical Affairs).

This Division is again divided into the following two Offices:

Iste Medicinalkontor (1st Medical Office), dealing with the State Hospital, the Lying-in Hospitals, the Government Consumption Sanatoria and Asylums; laws concerning consumption and insanity; chemists' shops and medicines; quarantine; homes for inebriates; relations with the health-authorities in foreign countries.

2nd Medicinalkontor (2nd Medical Office), dealing, *inter alia*, public medical service, health-laws, and leprosy-laws.

D. *Boligkontoret* (Office of Housing). The Office deals with the preparation and administration of laws concerning housing and of other Government measures to improve the housing-conditions.

(II). *Det Kongelige Departement for Handel, Sjøfart, Industri og Fiskeri* (The Royal Department of Commerce, Shipping, Industry, and Fisheries).

The Head of this Department is a member of the Government.

The Department has four sub-Departments of which only two are of interest here, viz.,

APPENDIX IV

A. *Avdelingen for Handel, Industri og Fiskeri* (Division dealing with Commerce, Industry, and Fisheries).

There are 3 Offices :

Fiskerikontoret (Fisheries Office), dealing with the laws concerning salt water (deep sea) fisheries and allied matters.

Handelskontoret (Commerce Office), dealing, *inter alia*, with the laws concerning commerce and trade and allied matters.

Industrikontoret (Industries Office), dealing *inter alia*, with the laws concerning handicrafts and mining.

B. *Sjöfartsavdelingen* (Division dealing with Shipping).

There are two Offices.

Sjömannskontoret (Seamen's Office), dealing, *inter alia*, with matters connected with the signing on of seamen and with several of the Maritime Acts.

Skibskontoret (Office of Shipping), dealing, *inter alia*, with the Act concerning sea-worthiness, the question of hours of labour for seamen, and unemployment in connection with seamen.

(III). *Det Kongelige Landbruksdepartement* (the Royal Department of Agriculture).

The Head of this Department is a member of the Government.

The Department has two Divisions :

A. *Landbruks- og Konsesjons Avdelingen* (Division dealing with Agriculture and Concessions).

There are 3 Offices :

Landbrukskontoret (Office of Agriculture), dealing, *inter alia*, with public measures for the development of agriculture and the breeding of domestic animals, with agricultural training and education, and with the conditions of agricultural labour.

Konsesjonskontoret (Concessions Office), dealing with matters of acquisition of land, forests, peat-bogs, and mountain tracts.

Produksjonskontoret (Office of Production).

B. *Avdelingen for Skog-, Veterinær-, Utskiftnings-, Rendrifts- og Fiskerisaker* (Divisions dealing with matters of forestry, veterinary service, joint-holdings and partitions, reindeer-breeding, and fisheries).

Skogkontoret (Forestry Office), dealing with matters pertaining to forests, the training of foresters, the State-owned forests, etc.

Veterinærkontoret (Veterinary Office), dealing with all matters of civil veterinary service.

Kontoret for Rendrift og Ferskvansfiskeri (Office of Fresh Water Fisheries and Reindeer Raising).

As will be seen from what has been stated above the Departments are divided into various sub-Departments and these again into

LABOUR POLICY

various Offices. The Offices and sub-Departments have no independent powers, all decisions being taken by the Head of the Department, the politically responsible member of the Government.

Many administrative measures and Decrees, however, cannot be passed and issued by the sole authority of the Department, but must be brought forward by the Head of the Department in the King's Council, and then, if the proposal brought forward is approved, a Royal Resolution is issued in accordance with the same.

The same applies to the proposing of new laws. Proposals of this kind are brought forward in the King's Council by the Head of the Department concerned and are then brought into the Storthing by Royal Resolution.

II. CENTRAL INSTITUTIONS, COMING UNDER THE DEPARTMENT OF SOCIAL AFFAIRS, DEALING WITH MATTERS OF LABOUR, AND QUESTIONS CONNECTED THEREWITH :

1. *Statens Fabriktilsyn* (Government Factory Inspection), the duty of which is to see that the laws for the protection of industrial workers are observed. There is a Central Office in Christiania, under the leadership of a Chief Inspector, with six Factory Inspectors under him each having a separate District. There is also one Woman Inspector for the whole country. Finally there is also a Boiler Inspector for the whole country.

2. *Arbeidsrådet* (The Labour Council), the duty of which—besides a few special tasks thrown upon it by Acts concerning the protection of industrial workers and workers' committees in factories—is to act in the capacity of expert adviser to the Department of Social Affairs, especially in matters pertaining to factory-inspection. The Council consists of five members, two being workers and two employers and one (the chairman), a man with legal education. The Council meets in Christiania.

3. *Arbeidsretten* (The Arbitration Court), settles certain legal questions in accordance with an Act relating to the settlement of Industrial Disputes, dated 6th August 1915. The Court consists of five members and sits in Christiania.

4. *Riksmeglingsmennen* (The State Conciliator) and 6 District Conciliators carry out the conciliation instituted by the above-mentioned Act concerning labour disputes. The Head lives in Christiania and the District Conciliators live in convenient centres in their respective Districts.

5. *Hjemmearbeiderrådet* (The Home Work Board), the duties of which are to see that the law as established by an Act of 15th

APPENDIX IV

February 1918 concerning industrial home-work is observed ; and to act as expert adviser to the Department of Social Affairs in matters relating to industrial home-work. The Board consists at present of three members and its seat is in Christiania.

6. *Handelslønerådet* (Office- and Shop-Wages Council), the duty of which is to establish the minimum-wage, in pursuance of an Act of 9th August 1918 concerning minimum-pay for clerks and shop-assistants. At present the Council consists of five members and sits in Christiania.

7. *Riksforsikringsanstalten* (The State Insurance Institution) which is the Central Administration for :

- (a) Accident-insurance of industrial workers.
- (b) Accident-insurance of fishermen.
- (c) Illness-insurance, and
- (d) Accident-insurance for seamen.

8. *Den Offentlige Arbeidsformidling og Arbeidsledighedsforsikring* (Public Exchanges and Unemployment Insurance).

9. *Det Statistiske Centralbyrå* (The Central Statistical Bureau). The Bureau consists of 4 Offices :—

Office A, dealing with statistics relating to trade, shipping, Civil Law, banking, etc.

Office B, dealing with statistics relating to agriculture, mining, and the Poor Laws.

Office C, dealing with statistics relating to the population, and to criminal and municipal affairs, etc.

Office D, dealing with ordinary social statistical investigations, especially as regards wages, hours of labour, wage-agreements, labour disputes, unemployment, Labour Exchanges, questions connected with alcohol, etc.

10. *Det Civile Medicinalvesen* (The Civil Medical Directorate) acts as adviser to the Department in medical matters and controls the health-institutions of the country.

III. OFFICIAL PUBLICATIONS, DEALING WITH LABOUR AND ALLIED SUBJECTS, ISSUED BY THE DEPARTMENTS AND OFFICES MENTIONED UNDER I AND II.

1. *Sociale Meddelelser*, issued monthly by the Department of Social Affairs.

2. *Statistical Year Book*, issued by the Central Statistical Bureau.

3. *Meddelelser*, issued monthly by the Central Statistical Bureau. In addition to this the Bureau issues from time to time a number of other publications dealing with social statistics.

LABOUR POLICY

4. Annual Report of the State Insurance Institute.
 5. Annual Report of the Public Labour Exchanges.
 6. Annual Medical Report.
 7. Annual Report on Factory Inspection.
- Christiania, December 20th, 1920.

APPENDIX V*

DENMARK

MINISTRY OF THE INTERIOR.

SOCIAL DEPARTMENT.

SOCIAL BUREAU.

Matters concerning apprenticeship ; conditions of labour ; labour disputes ; conciliation and arbitration ; employment agencies ; factory inspection ; holidays in factories and industrial undertakings ; shop-closing ; compulsory accident insurance ; recognized sickness, unemployment, and burial insurance funds ; life insurance companies.

STATE PROVIDENCE BUREAU.

Public institutions for relief of the poor ; old age pensions ; maintenance of children of widows ; county charity funds ; confirmation of charters of foundation and legacies for benevolent objects.

THE DEPARTMENT FOR INTERNATIONAL SOCIAL-POLITICAL CO-OPERATION.

All matters arising in connection with Denmark's obligations as member of the International Labour Organization.

ADMINISTRATIVE INSTITUTIONS OR CONSULTATIVE BODIES ATTACHED TO THE MINISTRY OF THE INTERIOR.

CONTROL OF EMPLOYMENT AGENCIES.

PERMANENT ARBITRATION COURT.

Decides certain disputes between employers and workers.

GOVERNMENT CONCILIATOR FOR ADJUSTING LABOUR DISPUTES.

Intervention in disputes between employers and workers to secure continuation or renewal of negotiations.

INSPECTOR OF UNEMPLOYMENT.

Supervision of administration of recognized unemployment insurance funds.

* *International Labour Directory*, Geneva, 1921, pp. 31-32.

LABOUR POLICY

UNEMPLOYMENT JURY.

Co-ordination of the various funds ; transference of members from one fund to another ; standardization of the rules and regulations of the different funds ; regulation subject to the Minister, of the conditions of re-insurance.

INSPECTOR OF SICKNESS INSURANCE.

Control of the sickness insurance funds.

THE DIRECTOR OF LABOUR AND FACTORY INSPECTION.

LABOUR COUNCIL.

Consultative Board of the Ministry on factory legislation ; drafts factory regulations and advises on questions of applicability or exemption.

WORKMEN'S COMPENSATION BOARD.

SOCIAL COUNCIL.

Consideration of all questions of social welfare.

COMMITTEE FOR THE RELIEF OF UNEMPLOYMENT.

INDEX

A

- Aarflot, L. D.
Industrilandet Norge, 110, 111, 500
 Acworth, W. M.
Historical Sketch of State Railway Ownership, 489
 Agriculture, 3, 4, 6, 40, 41, 64, 65, 110, 125, 150-2, 155, 157, 166, 168, 172, 520, 521, 526
 France, 3, 4, 6, 40, 41, 526
 Sweden, 64, 65, 155, 401
 Norway, 110, 155, 405
 Denmark, 125, 155
 Great Britain, 150-2, 155, 157, 166, 168, 172, 520, 521
 Aliens Act, 1905, 415
 Allemane, Jean, 14, 15, 24
 Allemanists, 14, 15, 17
 Allied Commission in Slesvig, 133
 Allmänningar, 67
 Alternative Vote, 234, 240, 241
 Amalthea-murder, 87
 American Civil War, 158
 American competition, 6, 158-63
 Amundsen, O.
Koncessionsloven med Kommentar, 498
 Anarchists, 28, 89
 Anderson, Gunnar, 494
 Andrews, F., 362
Annuaire Statistique du Ministère du Travail, 1, 3, 4, 5, 150, 447
 Anti-intellectual tendencies, 69, 121
 Anti-militarism, 16, 17, 23, 51, 86, 88, 118, 123, 129, 137, 173
 Anti-ministerialists, 25
 Anti-monarchism, 85, 133, 136
 Anti-semitism, 16, 17
 Antonelli, Etienne
Les Actions de Travail, 450
 Appropriation Act, 1911, 227
 Arbeider og Soldatraad (Norway), 123
Arbeidet, 120
 Arbetarekommuner (Sweden), 75, 88
Arbetet, 71
 Arbitration,
 Committee (Norway) Report, 1909, 297, 298, 454, 455
 See also Conciliation and Arbitration

- Arbitration Councils (France), 321
 Area Boards, 512
 Arnot, R. Page, 197
Further Facts from the Coal Commission, 191, 509, 510
 Askwith, Lord, 339
 Asquith, Rt. Hon. H. H., 226, 238, 239, 247-50, 257-9, 418, 481

B

- Babeuf, G., 14
 Bagge, Gösta,
De Svenska Fackföreningarnas och Fackförbundens Organisation, 94
 Balfour, Earl of, 211, 212, 248, 413, 416-18, 422, 461
 Balfour of Burleigh, Lord, 312
 Banbury, Rt. Hon. Sir Frederick, 307
 Bankers, Granville, 246
 Barbusse, M., 42
 Barker, J. E.,
Economic Statesmanship, 480
 Barnes, Rt. Hon. G. N., 257, 260, 261, 270, 338, 427
 Barthou, Louis, 354
La Bataille, 325
 Bateman, John, 151
 Beckman, O. L., 87
 Beer, M.,
History of British Socialism, 39, 166, 230
 Bell, R., 205, 302, 305, 306, 308, 338, 339
 Bergegren, Hinke, 86, 87
 Berthod, Adrian, 354
 Beveridge, Sir William,
Unemployment, a Problem of Industry, 422
 Billing, Gottfrid, 77
 Birrell, Rt. Hon. A., 248
 Black Death, 151
 Blanqui, 14, 15
 Blanquists, 14, 15, 17, 50
 Blum, Léon, 41
 Board of Arbitration Act (Sweden), 1920, 328, 329
 Bolshevism, 41, 42, 60-2, 69, 89, 90, 117, 120-4, 139, 145, 146, 170, 176-8, 182, 194-6, 198, 271, 277-80, 442, 454

LABOUR POLICY

- France, 41, 42, 60-2
 Sweden, 69, 89, 90, 145, 146
 Norway, 117, 120-4, 145, 146, 281
 Denmark, 139, 145, 146
 Great Britain, 170, 176-8, 182, 194-6, 198, 271
 Boulanger, G. E. M., 41
 Boström, E. G. B., 77
 Bourses du Travail, see Labour Exchanges
 Bowerman, Rt. Hon. C. W., 339
 Bowley, A. T.
 The Change in the Distribution of the National Income, 148, 149, 152, 153, 162
 Brace, Rt. Hon. W., 257, 260
 Brainworkers, 54, 63, 265, 266, 277, 282
 Brampton, Lord, 337
 Brand, 87
 Brands *Månadshefte*, 88
 Branting, Hjalmar, 71, 75, 79, 81, 82, 84, 85, 103, 122, 284, 452-4, 493
 Brécot, Jean,
 La Grande Grève de Mai, 1920, 57
 Briand, Aristide, 24, 26, 28, 32, 322, 450
 Bright, Jacob, 236
 Brix, Harald, 126
 Brousse, Paul, 13, 15
 Broussists, 13, 15
 Brussels Financial Conference Proceedings, 7, 8
 Building trade, 199, 200, 269, 335
 Bull, Edvard,
 Den Socialdemokratiske Bevaegelse i Norge, 115, 121
 Bulletin Communiste, 42
 Bulletin du marché du Travail, 397
 Bulletin du Ministère du Travail, 8, 9, 354, 355, 374, 375
 Bulletin de l'Office du Travail, 395
 Bulletin de la Société d'études législatives, 290
 Buonarotti, Filippo, 14
 Bureaux de placements, 395
 Burns, Rt. Hon. John, 212, 257, 309
 Burt, Thomas, 201
 Bussy v. Amalgamated Society of Railway Servants and Bell, 314
- C**
- Cabinet-system of government, 177, 183
 Ca'canny methods, 161, 162, 276, 474
 Cachin, Marcel, 41, 42
 Caillaux, Joseph, 29
 The Call, 184
 Campbell-Bannerman, Rt. Hon. Sir Henry, 211, 247, 307, 309, 310,
 Capitalist concentration, 5, 6, 67, 68, 147, 160, 161, 206-8
 Capital levy, 40, 268, 269
 Capitalist collectivism, 57
 Carnegie, Andrew, 480
 Casablanca, affair, 27
 Castlereagh, Viscount, 313
 Cause of the War, 184
 Cave, Rt. Hon. Viscount, 364
 Cave Committee, Report 1922, 364-9
 Cawdor, Earl, 248
 Cederborg, Allan, 104-6
 Chamberlain, Rt. Hon. Austen, 248
 Chamberlain, Rt. Hon. Joseph, 208, 422
 Chamber's Journal, 461
 Chambon, Claude, 290
 Chandler, F., 203, 423
 Chartist movement, 164, 165, 201
 Chicherin, M., 286
 Chinese Labour, 208, 211, 213
 Chiozza-Money, Sir Leo, 508
 Riches and Poverty, 151, 152, 179
 The Triumph of Nationalisation, 515
 Christian X., King of Denmark, 133-5
 Christian religion, Socialist attitude towards 73, 86, 137, 166
 Churchill, Rt. Hon. Winston, 238, 359, 419, 420, 421
 Citizens Acts (Norway), 1888, 1906 and 1908, 496
 Civil Code (France), 290
 Class-war, 16, 17, 72, 86, 120, 121, 144, 169, 188, 207, 210, 475
 Clemenceau, Georges, 26-8, 33, 322, 489
 Clyde strikes, 196, 505
 Clynes, Rt. Hon. J. R., 261, 339, 432, 510, 511
 Coal Industry Commission, Report, 1919, 191, 283, 504-11
 Coal Mines (Decontrol) Act, 1921, 513
 Coal Mines (Regulation) Act, 1908, 382
 Coal Mines (Minimum Wage) Act, 1912, 361
 Coal Mines Act, 1919, 382, 385
 Coal Mines (Emergency) Act, 1920, 511
 Coal Mining Industry, see Mining Industry
 Coal strike, 1912, 188, 361
 Coal strike, 1920, 512
 Coal strike, 1921, 192, 283
 Cohen, H.,
 Trade Union Law, 229

INDEX

- Cole, G. D. H., 179, 197
The World of Labour, 197, 232, 254, 340
- Collective agreements, 5, 96, 97, 144, 289-301, 310, 315-19, 325, 326, 328, 330-5, 340-52
- France, 5, 289-93, 317-19, 350-2, 374, 451
- Sweden, 96, 97, 293-6, 317-19, 325, 326, 328, 350-2
- Norway, 144, 297, 298, 317-19, 330-3, 349-52, 379, 380, 457
- Denmark, 299-301, 317-19, 334, 335, 350-2, 460
- Great Britain, 301, 310, 316-19, 340-52, 387
- Collective Agreements Act (France), 1919, 290-3
- Collective Agreements Bill (Sweden), 1911, 294, 295
- Collective property, 52
- Colwyn, Lord, 517
- Colwyn Committee, Report 1921, 517
- Combination, freedom of, 39, 51, 73, 137
- Combination Acts, 1799-1800, 288, 301; 1824-5, 288, 301; 1871-1913 see Trade Union Acts
- Combination Laws (France), 1790, and 1791, 5, 288; 1864-84, see Professional Syndicates Acts, 1864 and 1884
- Commercial America*, 159
- Commercial Profit Bill (Denmark), 1919, 503
- Commission on International Labour Legislation attached to the Peace Conference, 373
- Commission on Labour (France), 290
- Commission on Labour (Norway), 455. Majority Report, 1919, 322, 455-7. Minority Report, 1920, 458
- Commission on Unemployment (Sweden), 402, 404
- Commissions Mixtes, 451
- Commissions Mixtes Départementales, 451
- Committee of Control (Denmark), 460
- Committee on Homework, Report, 1908, 358, 359
- Committee on Railway Agreements, see Colwyn Committee
- Committee on Relations between Employers and Employed, see Whitley Committee
- Committees of Trade Experts (France) 355
- Committee-system of government, 177, 183
- Commons, J. R.,
Principles of Labour Legislation, 362
- Communards, 12
- Communism, see Bolshevism
- Compère-Morel,
La Concentration Capitaliste en France, 2, 3, 6, 152
L'Exploitation Agricole et le Socialisme, etc., 40
- Compulsory military service, 23, 51, 88, 191, 269
- Concession Laws,
France, 1810, 1910, and 1919, 4, 486, 490, 491
Sweden, 495
Norway, 1906-1917, 495-501
Great Britain, proposal as to concession legislation, 523, 524
- Conciliation and Arbitration, XXI.
France, 321-5, 349-52
Act, 1892, 321, 322
Decree, 1917, 323
Bill, 1886, 321
Bill, 1920, 323-5
Sweden, 325-30, 349-52
Act, 1906, 326-9
Acts, 1920, 328-30
Order in Council, 1909, 328
Bill, 1911, 327
Norway, 330-3, 349-52
Act, 1915, 330-3
Act, 1916, 333
Decree, 1916, 333
Denmark, 333-5, 349-52
Acts, 1910, 333-5
Act, 1918, 335
Act, 1919, 334
Great Britain, 335-52
Act, 1896, 321, 336, 337, 339, 347, 349, 350
Government Memorandum, 1908, 339
Bill, 1904, 338
Bill, 1911, 338, 339
Committee, Report 1918, 345, 346, 466
- Conference on Profit-sharing (France), 1921, 450, 451
- Conciliation Committees (France), 321, 323
- Conscription of wealth, 268, 269
- Conseils consultatifs du travail, see Councils of Labour
- Conseils des prud'hommes, 446
- Conspiracy and Protection of Property Act, 1875, 306, 309, 312, 313, 404
- The Contemporary Review*, 197
- Contingent vote, see alternative vote

LABOUR POLICY

- Control of Industry Bill (Denmark), 1919, 503
 Conway v. Wade, 313
 Co-operative movement, 199, 200, 252, 253, 263-5, 272, 502
 Direct action, 144
 Politics, 252, 253, 263-5
 Corn Production Act, 1917, 383
 Corrupt Practices Act, 1895, 272
 Counter direct action, 190, 191
 Councils of Labour (France), 322, 323, 355, 446, 447
 Decree, 1900, 322, 446
 Decree, 1909, 323, 447
 Act, 1908, 322, 323, 447
 Court of Arbitration Act (Denmark), 1910, 299-301, 333, 334
 Court of Arbitration Bill, (Sweden), 1911, 327, 329
 Courts of Inquiry, 346-8, 350
 Crewe, Marquess of, 248
 Crooks, Rt. Hon. W., 236, 338
- D**
- The Daily Citizen*, 253, 254
The Daily Herald, 194, 254, 361
 Danielsson, Axel, 71
 Danish West Indies, 132
 Davies, A. E.
 The Case for Railway Nationalization, 515
 Decree Millerand, 354
 De Geer, Baron Louis, 376
 Dehermes, Georges
 Les Classes Moyennes, 2
 Democratization of Industry, see Industrial Democracy
DENMARK
 Agriculture, 125, 155
 Bolshevism, 139, 145, 146
 Central Assembly of Unemployment Societies, 410
 Central Employment Office, 408
 Collective Agreements, 299-301, 317-19, 334, 335, 350-2, 460
 Conciliation and Arbitration, 333-5, 349-52
 Conservative Party, 128-30, 132, 136, 409
 Depression of trade, 411
 Director of Labour, 412
 Distribution of land, 125, 126
 Distribution of wealth, 152, 153, 182
 Education, 137, 139
 Electoral reform, 127, 129-31
 Employers and employed, relations between, 299-301, 317-19, 334, 335, 350-2, 459, 460, 473-5
 Employment Exchanges, 408, 409, 412
 Folketing, 127-30, 132, 134, 135, 140
 General Association of Employers, 300, 334, 380, 381, 460
 General elections, 128-30, 136
 General Strike movement, 133-5, 283
 Home-work, 356, 357
 Industrial Democracy, 459, 460, 473-5
 Industrial distribution, 126-127
 Industrial situation, 125, 126, 408
 Inspector of Unemployment, 410
 Labour policy, IX., X., XIX., 298-301, 316-19, 333-5, 349-52, 380, 381, 388-90, 408-13, 438-43, 459, 460, 502, 503, 524, 525
 Labour press, 129
 Labour representation, 127-31, 135-7, 139, 140, 285
 Land problem, 125, 138, 502, 503
 Lands ting, 127-30, 132
 Left Party, 128-30, 132, 136, 381, 409
 Legal position of trade-unions, 299-301, 316-19
 Legal regulation of the hours of labour, 138, 139, 380, 381, 388-90
 Ministry of the Interior, 334, 410, 413, 460, 549-50; Works Board, 413
 National Confederation of Trade Unions, 127, 133-5, 142, 174, 300, 334, 380, 381, 411, 460
 Executive Committee, 133
 Nationalization of industries, 138, 141, 143, 145, 146, 460, 502, 503, 524, 525
 Parliamentary reforms, 129-31
 Permanent Arbitration Court, 299-301, 333, 334
 Property qualifications, 127, 129
 Proportional Representation, 130, 131
 Public relief works, 409, 412, 413
 Radical Left Party, 129-32, 381
 Samvirkende Fagforbund, see National Confederation of Trade Unions
 Slesvig Crisis, 132-5
 Social and economic conditions, 125, 126, XIX.
 Social Democratic Party, 127-40, 281, 380, 381, 409, 410, 459, 460, 502, 503
 Executive Committee, 133

INDEX

Programme, 136-8
 Socialism, IX., X., XIX.
 State ownership and control of
 production, 125, 128, 483
 Syndicalism, 139
 Taxation, 138
 Unemployment, 408-13, 438, 439,
 see also unemployment in gen-
 eral Index
 Working-Class
 Mentality, 164, 276, 280-3
 Standard of living, 126, 153-6
 Working Men's International Fed-
 eration, 126, 127
 Departmental Employment Exchan-
 ges, (France), 396
 Depression of trade, 9, 100, 159-63,
 391-3, 399, 403, 406, 407, 415,
 427, 428, 430, 433, 437, 438,
 441, 512
 France, 9, 399
 Sweden, 100, 403
 Denmark, 411
 Norway, 406, 407
 Great Britain, 159-63, 415, 427,
 428, 430, 433, 437, 438, 441, 512
 Commission, Report, 1886, 159, 160
 D'Honts' method, 130
 Dictatorship of the Proletariat, 38,
 39, 123, 170, 176, 178, 278, 279,
 479-81
 Dilke, Sir Charles, 237, 304, 313, 361
 Direct action, 5, 16, 17, 22, 44, 46-9,
 54, 76, 79, 82, 85, 87-91, VII,
 121-3, 133-5, 170, 171, 176, 177,
 187-94, 504, 505, 509-11
 France, 5, 16, 17, 22, 44, 46-9, 54
 Sweden, 76, 79, 82, 85, 87-91, VII.
 Norway, 121-3
 Denmark, 133-5
 Great Britain, 170, 171, 176, 177,
 187-94, 206, 361, 504, 505, 509-11
 Distress Committees, 415, 416, 420
 Distribution of land
 France, 3, 4
 Sweden, 66, 67
 Norway, 111
 Denmark, 125, 126
 Great Britain, 151, 152
 Distribution of wealth
 France, 2, 3, 9, 66, 152
 Sweden, 66, 152
 Denmark, 152, 153
 Great Britain, 152, 153, 182
 District Boards of Conciliation, 336
 District Conciliators
 Sweden, 326, 328
 Norway, 332
 District Councils (Norway), 455-7
 District Industrial Councils, 463-5, 468

Doumergue, Gaston, 290
 Dreier, F., 126
 Dreifus, Alfred, 41
 Duchêne, M.
 Les Progrès de la Législation sur
 le Minimum de Salaire, 355
 Duckham, Sir Arthur, 507, 511
 Dumping, 161
 Dunraven, Earl of, 358

E

L'Echo de Paris, 62
 Economic Associations (Sweden), 293,
 294
The Economic Journal, 99, 102
The Economic Review, 202
 Edén, Nils, 81
 Education
 France, 5
 Sweden, 73
 Norway, 119
 Denmark, 137, 139
 Great Britain, 147, 148, 168, 173,
 213, 429
 Russia, 279
 Eight Hours Acts
 France, 1919, 375, 376
 Sweden, 1919-21, 376, 377, 380,
 Committee, Report, 1919, 376
 Norway, 1919, 379, 380
 Eight Hours Bills
 France, 1919, 373, 374
 Sweden, 1908, 1910, 1913, 376
 Great Britain, 1913, 384
 Government Bill, 1919, 388
 Eight Hours Working Day, see legal
 regulation of the hours of labour
 Electoral quota, 32, 33
 Electoral reform
 France, 1875, 11; 1919, 32, 33
 Sweden, 1909, 78-80; 1918-21,
 82, 83
 Norway, 1898, 115; 1906, 115, 116;
 1919-20, 117
 Commission Report, 1919, 116
 Denmark, 1849, 127; 1915-20,
 129-31
 Great Britain, 1832, 201, 235;
 1867-8, 201; 1884-5, 201; 1918,
 234-6, 239, 265
 Electric power, see water power es-
 tablishments
 Electric Power Supply Committee,
 522
 Elizabeth, Queen of England, 239
 Elmquist, Hjalmar,
 Den Kollektive Arbejdsoverens-
 komst, 289, 299

LABOUR POLICY

- Emergency Powers Act, 1920, 513
 Emmot, Lord
 Nationalization of Industries, 508,
 512, 520, 521
 Employers and employed, relations
 between, 5, 6, 10, 54, 55, 96, 97,
 121, 122, 144, 162, 289-301, 315-
 19, 325, 326, 328, 330-5, 340-52,
 374, 379, 380, 387, 446-75,
 526, 527
 France, 5, 6, 10, 54, 55, 289-93,
 317-19, 321, 350-2, 374, 446-52
 Sweden, 96, 97, 293-6, 317-19, 325,
 326, 328, 350-2, 452-4
 Norway, 121, 122, 144, 297, 298,
 317-19, 330-3, 349-52, 379, 380,
 454-9
 Denmark, 299-301, 317-19, 334,
 335, 350-2, 459, 460
 Great Britain, 162, 301, 310, 316-
 19, 340-52, 387, 460-75, 526,
 527
 Employment Exchanges
 France, 39, 45, 55, 71, 394-7, 400
 Sweden, 71, 401-3
 Norway, 405
 Denmark, 408, 409, 412
 Great Britain, 415, 416, 419-22,
 424, 426-8, 437, 438
 Employment Exchange of the Seine,
 397
 Employment and Relief Committees,
 (Sweden), 402, 403
 Engels, Friedrich, 12
 Erfurther Programme, 73, 84, 113,
 137
 Esher, Viscount, 461
 Etatisation, 57, 487
 European Commission of the National
 Industrial Conference Board
 (U.S.A.), Report, 1919, 7, 9,
 275, 373, 375, 379, 444-6, 448,
 462
L'Exportateur Français, 8
- F**
- Fabian Research Department,
 How to pay for the War, 515
 Fabius Maximus Cunctator, 179
 Factory Clubs, 92, see also Shop
 Clubs and Shop Councils
 Factory legislation, 39, 40, 73, 113,
 118, 138, 148, 371, 372, 375, 383
 Factory and Workshops Act, 1901,
 383
 Fagnot, Francois, 354
 Le Chomage, 395, 397
 La Part du Travail, 448, 450
- Farm-colonies, 416, 423
 Farwell, Mr. Justice, 302
 Faure, Paul, 41
 Federation of Nations, 266
 Finance, Isodore,
 Les Syndicats Professionnels, etc.,
 289, 291
 Finance Act (France), 1905, 398;
 1910, 447
Finansstatistiska Utredningen om
 Sveriges Nationalförmögenhet, 66,
 67, 151
 Finland, 142
 Finlay, Viscount, 305
 First International, 126
 Flensburg question, 133
- FRANCE**
- Agricultural Federation, 55
 Agriculture, 3, 4, 6, 40, 41, 526
 Alliance Communiste, 18, 21
 Bolshevism, 41, 42, 60-2
 Bourgeoisie, 1, 2, 8, 12, 14
 Central Employment Exchange,
 396
 Central Employment Office, 396
 Central Wages Commission, 355
 Chamber of Deputies, 32-34
 Collective agreements, 5, 289-93,
 317-19, 350-2, 374, 451
 Comité d'Entente, 15, 16
 Comité Permanent d'Etudes rela-
 tives à la Prévision des Chômage
 Industriels, Report 1920, 446, 486
 Comité de Vigilance, 15
 Commission d'Unification, 24, 25
 Commune of 1871, 12, 16, 44
 Communist Party, see Parti Com-
 muniste
 Concession Laws, 4, 486, 490, 491
 Conciliation and arbitration, 321-5,
 349-52
 Confédération Générale de la Pro-
 duction Française, 452, Central
 Council, 452
 Confédération Générale du Travail,
 46-62, 188, 198, 274, 292, 447-9,
 451
 Administrative Commission, 56,
 57, 59
 Confederal Bureau, 56
 Control Commission, 56
 Executive Committee (up to
 1918), 48
 National Committee, 51, 56, 61
 Membership, 59
 Programme, 51-5, 448
 Legal proceedings against, 58, 61
 Rupture between moderates and
 extremists, 61-3

INDEX

- Congress, 1895, 46
 - " 1904, 47
 - " 1906, 48-50
 - " 1912, 50
 - " 1917, 448
 - " 1919, 53, 54, 59
 - " 1920, 57, 59-61
 - " 1921, 61, 62
- L'Action Générale et la Grève des Cheminots*, 57, 59
- Confédération Générale du Travail Unitaire, 62
- Confédération des Socialistes Indépendants, 14, 15, 18
- Conseil Economic du Travail, 52, 448, 486-9
- La Nationalisation des Mines*, 486
- Conseil Supérieur du Travail, 354, 355, 446
- Conservative Party, 34
- Depression of trade, 9, 399
- Distribution of land, 3, 4
- Distribution of wealth, 2, 3, 9, 66, 152
- Economic consequences of the War, 8, 10
- Education, 5
- Electoral reform, 11, 32, 33
- Employers and employed, relations between, 5, 6, 10, 54, 55, 289-93, 317-19, 321, 350-2, 374, 446-52, 473-5
- Employment Exchanges, 39, 45, 55, 71, 394-7, 400
- Fédération des Bourses du Travail, 45-7, 274
 - Congress, 1892, 45
 - " 1893, 45, 46
 - " 1894, 46
 - " 1902, 47
- Federation of Employees, 486
- Federation of Railway Servants, 56-9
- Federation of Textile Workers, 48
- Fédération des Travailleurs Socialistes, 13, 15
- General Committee of Socialist Organizations, 15
- General Confederation of Labour see Confédération Générale du Travail
- General Confederation of Production, see Confédération Générale de la Production Française.
- General elections, 14, 15, 23, 25, 30-4
- General Strike movement, 5, 16, 17, 22, 44, 46, 49, 51, 56-60, 194, 283
- Home-work, 354-7
- Industrial combination, 5, 6
- Industrial Democracy, 22, 52, 446-52, 473-5
- Industrial distribution, 3, 4
- Industrial situation, 6, 10, 282, 283, 394, 395
- Labour Exchange of Nantes, 46
- Labour Exchange of Paris, 45
- Labour policy, I-IV, XIX, 288-93
 - 316-19, 321-5, 349-52, 353-5, 368-70, 371-5, 388-90, 394-400, 438-43, 446-52, 485-91, 524-6
- Labour press, 18, 20, 31
- Labour representation, 14, 15, 23, 25, 31, 33, 34, 279, 285
- Land problem, 40, 41
- Legal position of trade-unions, 5, 288-93, 316-19
- Legal regulation of the hours of labour, 39, 47-9, 52, 371-5, 388-90
- Minimum-wage, 353-5, 368-70
- Ministry of Agriculture, 396, 397
- Ministry of the Interior, 396
- Ministry of Labour, 26, 325, 355, 395-400, 451, 537-9
- Ministry of Munitions, 323
- National Agricultural Labour Office, 396
- National Association for the Legal Protection of the Workers, 353, 354
- National Council of Manual Labour, 396
- National Federation of Co-operators, 486, 488
- National Federation of Mines and Allied Workers, 488
- National Federation of Syndicates, 45, 46
- Nationalization of industries, 11, 14, 20, 22, 25, 26, 38, 40, 41, 43, 44, 48, 49, 52, 54, 56-60, 485-91, 524-6
- Parliamentary reforms, 11, 32, 33
- Parti Ouvrier Français, 13, 15, 18, 21, 45, 46
 - Executive Committee, 13
- Parti Ouvrier Socialiste Révolutionnaire, 14, 15, 18
- Parti Révolutionnaire des Hommes du Peuple, 12
- Parti Socialiste (Section Française de L'Internationale Ouvrière), 25-41, 48-52
 - Organization, 35-7
- Administrative Commission, 30, 36, 37
- National Council, 25, 28, 36, 48, 49
- Parliamentary Group, 25, 31, 35, 37, 292, 372

LABOUR POLICY

- Programme, 25, 26, 38-41
 Congress, 1905, 25, 31
 " 1906, 49
 " 1915, 31
 " 1920 (Strasbourg), 30,
 31, 34, 38
 " 1920 (Tours), 41.
 Parti Socialiste de France, 21-5
 Central Committee, 24
 Parti Socialiste Français, 17, 25,
 274
 General Committee, 18-20, 25
 Parliamentary Group, 19, 20
 Programme, 21-3
 Congress, 1899, 17, 18, 21, 23
 " 1900, 19, 20
 " 1901, 20, 21
 " 1902, 21
 Parti Socialiste Révolutionnaire,
 14, 15, 18, 21
 Proportional Representation, 32,
 34, 39
 Radical Party, 26, 27, 34
 Reconstruction policy, 8-10, 40,
 51-3, 373, 397, 449-52
 Régime National des Mines, 488
 Revolution, 1789, 14, 288
 Revolution, 1848, 112
 Revolutionary Syndicalist Com-
 mittee, 61, 62
 Senate, 34, 35
 Social and economic conditions,
 I, XIX
 Socialism, II, III, 43, 44, 48-50,
 52, 53, 60, XIX
 Société d'études législatives, 290,
 292
 Syndicate of Technical Experts, 486
 State ownership and control of
 production, 4, 26, 40, 52, 53,
 489-91
 Syndicalism, 11, 12, 35, IV, 91,
 186, 187, 233, 279, 283, 321
 Taxation, 8, 22, 26, 40, 53
 Unemployment, 394-400, 438, 439,
 see also unemployment in gen-
 eral Index
 Unemployment Insurance Com-
 mission, 398
 Union Syndicale, 44
 Unité Socialiste Révolutionnaire,
 see Parti Socialiste
 Water-power establishments, 8, 9,
 490, 491
 Working-class
 Mentality, 6, 7, 69, 276, 280-3,
 400
 Standard of living, 9
 France, Anatole, 42
 Franco-German War, 158
 Free legal proceedings for the poor,
 86, 166
 Free Trade, 8, 73, 113, 118, 137,
 157-62, 208, 375
 Freedom of speech and press, 39, 51,
 73, 85, 86, 137, 182
 Friis, Jakob,
Den Moderne Arbejderbevægelse i
Norge, 121
 Friis, M. P., 135
 Frossard, O., 41, 42, 60
- ### G
- de Galliffet, Marquis, 15, 16
 Galloway, W. J., 308
 Garton, Sir Richard, 460
 Geldart, W. M.,
The Osborne Judgment and After,
 221, 222
The Present Law of Trade Disputes
and Trade Unions, 228, 230
 Geleff, Paul, 126
 General elections, 14, 15, 23, 25, 30-4,
 79, 80, 84, 114, 115, 116, 117,
 128, 129, 130, 135, 136, 169,
 171, 174, 185, 201, 205, 211-14,
 216, 241, 242, 247-9, 270-3, 431
 France,
 1893, 14, 15
 1899, 15
 1902, 23
 1906, 25, 31
 1910, 25, 31
 1914, 31, 33, 34
 1919, 30-4
 Sweden, 1900-9, 79
 1911, 79
 1917, 80
 1920, 84, 493
 1921, 84
 Norway
 1891, 114
 1894, 114
 1897, 114, 115
 1903, 115
 1906-18, 116
 1921, 117
 Denmark
 1903, 128
 1906, 1910, 1913, 129
 1918, 130
 April, 1920, 135, 136
 July, Sept., 1920, 136
 Gt Britain
 1874, 201
 1885, 169, 201
 1892, 173, 174, 205
 1900, 169, 174, 205
 1906, 211-14, 216
 Jan., 1910, 247, 248
 Nov., 1910, 248, 249, 272
 1918, 185, 241, 242, 268,
 270-3, 431

INDEX

- General Lockout, 73, 97
 General Strike movement, 5, 16, 17, 22, 44, 46, 49, 51, 56-60, 76, 79, 82, 90, 91, 94, 95, 97-109, 133-5, 144, 190-4, 277, 282-4, 295, 296, 327, 330, 331, 333, 379, 510
 France, 5, 16, 17, 22, 44, 46, 49, 51, 56-60, 194, 283
 General strike in 1920, 56-60, 194, 283
 Sweden, 76, 79, 82, 91, VII
 General strike in 1902, 76, 79, 94, 95, 97-9
 General strike 1909, 79, 90, 94, 100-9, 135, 283, 295, 296, 327, 330
 Norway, 144, 283, 330, 331, 333, 379
 Denmark, 133-5, 283
 General strike 1920, 133-5, 283
 Great Britain, 190-4, 283, 510, see also coal strikes
 Genoa Conference 1922, 286
 George V., King of England, 259, 437
 German competition, 6, 158-63
 German imperialism, 163, 184
 German indemnity, 51
 German invasion in France, 7, 30
 Germany
 General Committee of Trade Unions, 103
 Industrial situation, 163
 Labour movement, 7, 14, 84
 Revolution, 1918, 82
 Glasier, Bruce, 206, 256
 Godart, Justin, 372
 Good, E. T., 461
 Gordon, J. C., 428
 Gosling, Harry, 339
 Gotha Programme, 12
 Graham, William, 175
 GREAT BRITAIN
 Agricultural Wages Board, 383
 Agriculture, 150-2, 155, 157, 166, 168, 172, 520, 521
 Amalgamated Musicians' Union, 269
 Amalgamated Society of Railway Servants, 205, 220, 222, 224, 247, 301-3
 Board of Trade, 336, 338-44, 360, 361, 419-21, 426, 427, 460, 512, 523
 Mines Department, 511 512, 525, Boilermakers' Union, 219
 Bolshevism, 170, 176-8, 182, 194-6, 198, 271
 British Socialist Party, 169, 175, 184, 185, 271
 Ca'canny methods, 161, 162, 276, 474
 Chief Industrial Commissioner, 339, 342
 Chief Registrar of Friendly Societies, 218, 219, 228
 Coalition Government, 257-62, 268, 270-2, 508
 Collective agreements, 301, 310, 316-19, 340-52, 387
 Committee of Production, 341-3
 Communist Party of Great Britain, 165, 184, 185
 Concession Laws, proposal as to, 523, 524
 Conciliation and arbitration, 335-52
 Co-operative Bank, 199
 Co-operative Union, 252, 253, 519
 Co-operative Wholesale Society, 199, 253
 Democratic Federation, see Social Democratic Federation
 Depression of trade, 159-63, 415, 427, 428, 430, 433, 437, 438, 441, 512
 Commission, Report, 1886, 159, 160
 Distribution of land, 151, 152
 Distribution of wealth, 152, 153, 182
 Education, 147, 148, 168, 173, 213, 429
 Electoral reform, 201, 234-6, 239, 265
 1832, 201, 235
 1867-8, 201
 1884-5, 201
 1918, 234-6, 239, 265
 Employers and employed, relations between, 162, 301, 310, 316-19, 340-52, 387, 460-75, 526, 527
 Employers' Parliamentary Council, 469
 Employment Exchanges, 415, 416, 419-22, 424, 426-8, 437, 438
 Engineering Employers' Federation, 341
 Fabian Society, 122, 165, 172, 179-84, 204, 233
 Fabian Essays, 183
 Fabian Tracts, 179-82
 Report to International Labour Congress 1896, 179, 180
 Federation of British Industries, 462, 468, 519
 The Control of Industry, etc., 468
 Garton Foundation, 460, 461
 Memorandum on the Industrial Situation after the War, 461

LABOUR POLICY

- General Council of Labour, see
Trade Union Congress
- General elections
1874, 201
1885, 169, 201
1892, 173, 174, 205
1900, 169, 174, 205
1906, 211-14, 216
Jan., 1910, 247, 248
Nov., 1910, 248, 249, 272
1918, 185, 241, 242, 268, 270-3,
431
- General Federation of Trade
Unions, 71, 216, 250, 251, 262,
263, 306, 342, 428
Management Committee, 216,
251, 306, 342, 428
- General Strike movement, 190-4,
283, 510
- Home-work, 357-61, 365, 368, 369
Committee, 1908, 358, 359
- House of Commons, 176, 177, 180,
245, 247-50
- House of Lords, 166, 180, 213,
220, 225, 247-50, 302, 312
- Independent Labour Party, 165,
169, 171-9, 184, 203, 204, 206,
207, 212, 213, 254, 256, 258,
261, 262, 272
- National Administrative Coun-
cil, 172, 177, 178
*The I.L.P. and the Third Inter-
national*, 178
- Industrial combination, 147, 160,
161, 206-8, 337, 431, 432
- Industrial Council, 339
Report, 1913, 339, 340
- Industrial Court, 346-8, 350
- Industrial Democracy, 268, 460-75
- Industrial distribution, 150-2, 157
- Industrial situation, 156-63, 275,
276, 414, 461
- Interim Court of Arbitration,
346
- Irish Nationalist Party, 214, 248,
249, 255, 258, 307, 308
- Joint Board, 216, 217, 227, 246, 250,
251, 262, 263, 421
- Labour Party, 155, 165, 175, 176,
185, 195, 212-17, XV-XVIII,
309, 310, 342, 348, 362, 382,
384, 385, 418, 423, 427, 428,
435, 517, 518, 521, 522
Executive Committee, 214, 215,
225-8, 247, 252, 254, 256-60,
262, 264-7, 269, 270, 272, 342,
428
Election Agent, 247
Programme, 209, 215, 256,
265-9
- Congress, 1906, 215, 219
1907, 215, 246
1908, 247
1910, 225, 249, 250
1911, 225
1914, 241, 254, 255
1916, 257, 258
1917, 259, 261, 262
Jan., 1918, 267
Feb., 1918, 265
June, 1918, 267
1919, 271, 272
1920, 517
- Labour policy, XI-XIX, 301-19,
335-52, 357-70, 381-90, 413-43,
460-75, 503-27
- Labour press, 71, 72, 253, 254, 349
- Labour representation, XIV-
XVIII, 285, 286
- Labour Representation Committee,
15, 72, 174, 202-17, 236-8, 174,
306, 414
Conference, 1899, 202-5
1900, 205, 206
1901, 206, 207
1902, 208, 210
1903, 208, 209
1904, 208, 210
1905, 211, 237, 414
- Labour Representation Conference
1899, 202-4
Feb., 1905, 216
May, 1905, 216
- Labour Representation League, 201
- Labour Research Department,
*Memorandum on the Regulation
of Wages*, 342
Monthly Circular, 41, 62, 194, 518
Wages, Prices and Profits, 155
- Land Nationalization Society, 521
- Land problem, 150-2, 166, 168,
172, 520, 521
- Legal position of trade-unions, 301-
19, with regard to parliamentary
action, XV
- Legal regulation of the hours of
labour, 172, 214, 381-90, 429
- Liberal Labour Group, 201, 212,
214, 215, 246
- Liberal Party, 169, 173, 201, 212,
238, 245-9, 255, 256, 270-2,
286, 303, 309, 362, 418
- Local Government Board, 415, 416,
423
- London County Council, 433, 434
- London Guild of Builders, 199
- London Conciliation and Arbitra-
tion Board, 336
- London Working Men's Associa-
tion, 201

INDEX

- Manchester Building Guild, see
 National Building Guild
 Middle-class, 149, 266
 Miners' Federation of Great Britain,
 188-92, 247, 251, 262, 345,
 Executive Committee, 345
 Minimum-wage, 268, 357-70
 Ministry of Labour, 260, 345-7,
 362, 364, 366, 367, 424, 433,
 436, 466, 467, 470, 518, 519,
 529-36
 Report on Industrial Councils,
 1920, 467
 Reports of Proceedings under
 the Conciliation Act, 341-3
 Report on Profit-sharing, etc.,
 1920, 471, 472
 Memorandum on the Working
 and Organization of the Minis-
 try of Labour, 529-36
 Memorandum on Works Com-
 mittees, 1918, 465
 Ministry of Mines, proposed, 505-7
 Ministry of Munitions, 340, 343-5,
 430
 Ministry of Pensions, 260
 Ministry of Reconstruction, 466
 National Alliance between Em-
 ployers and Employed, 469, 470
 Executive Council, 469, 470
 National Association of Industrial
 Councils, 470
 National Building Guild, 199, 200
 National Guilds League, 165, 197
 A short statement of its Principles
 and Objects, 197
 National Industrial Council of Wool
 and Allied Textile Trade, 467
 National Labour Press, 175
 National Labour Advisory Board,
 see Joint Board
 National Liberal Labour League,
 246
 National Socialist Party, 169, 184
 National Transport Workers' Fed-
 eration, 189
 National Union of Railwaymen, 189
 Nationalization of industries, 166,
 167, 170, 171, 178, 180, 183,
 187, 190-2, 195-200, 203, 210,
 211, 268-70, 503-27
 Parliament, 166, 176, 177, 180,
 233-43, 245, 247-50
 Parliamentary reforms, XVI, 247-
 50, see also electoral reform
 Property qualifications, 213, 236-8
 Proportional Representation, 166,
 240-2
 Public relief-works, 416-18, 423,
 428-30, 434, 438-41
 Railway and Canal Commission,
 519
 Railway Companies Association,
 517
 Railway Executive Committee, 515
 Railway Rates Tribunal, 518
 Railways Amalgamation Tribunal,
 518
 Reconstruction policy, 162, 163,
 449, 460-75, 508
 Scottish Wholesale Society, 253
 Social and economic conditions,
 XI, XIX
 Social Democratic Federation, 72,
 165-71, 173-5, 184, 195, 203,
 204, 207, 210, 213
 Social Democratic Party, 169, 184
 Socialism, XII, 194-200, 206-11,
 256, XIX
 Socialist Labour Party of Great
 Britain, 165, 185, 186, 194-6
 South Metropolitan Gas Company,
 471
 State Church, proposed disestab-
 lishment, 166
 State-ownership and control of
 production, 260, 262, 268, 428-32,
 483, 523, 524
 Syndicalism, 179, 182, XIII, 468
 Taxation, 173, 268
 Trade Boards, 336, 360-8, 383, 384,
 465, 466
 Trade Union Congress, 72, 75, 174,
 175, 190-4, 201, 202, 216, 250-3,
 262, 264, 265, 269, 270, 272, 303,
 304, 307-10, 336-8, 342, 349,
 358, 360-3, 382, 384, 385, 387,
 416-19, 423, 428, 442, 469
 General Council, 193, 194, 519
 Parliamentary Committee, 75,
 191-4, 213-17, 251, 252, 264, 269,
 270, 303, 304, 306, 307-10,
 337, 338, 342, 349, 360, 361, 382,
 384, 385, 417-19, 428, 469, 510,
 519
 Membership, 193
 Congress, 1875, 201
 1899, 174, 202, 216
 1902, 336, 337
 1903, 338
 1904, 270, 307, 382
 1905, 270, 416
 1907, 358
 1912, 341, 348
 1913, 251, 341, 428
 1916, 262, 272, 384, 385
 1917, 270, 385
 1919, 191, 510
 1920, 193, 510
 1921, 193

LABOUR POLICY

- Trade Union Labour Party, 269, 270
 Triple Industrial Alliance, 188-93, 503, 504, 509, 516
 Unemployment, 275, 276, 413-43
 see Unemployment in general
 Index
 Union of Patternmakers, 218
 Unionist Party, 169, 212, 241, 247-9, 257-62, 270-2, 286, 307, 309, 381
 United Co-operative and Labour Board, 253
 War Cabinet, 259-62
 Water-power establishments, 521-5
 Working-class,
 Mentality and outlook, 150, 161, 162, 164, 276, 280-3, 471
 Standard of living, 153-6
 Greenwood, A.,
 The Law relating to Trade Unions, 222
 Griffelhuus, Victor, 43, 48
 Grundloven,
 1849 (Denmark), 127
 1898, (Norway), 115
 1906, 115
 Guaranteed time-rate, 362, 369
 Guèsde, Jules, 12, 13, 15, 16, 30, 43 44
 Guèsdists, 12, 13, 15, 44-46, 48-50, 55
 Guild Socialism, 55, 179, 182, 196-200, 279, 280, 469
 Guild Socialist, *The*, 197
 Guildsman, *The*, 197, 200
 Guinchard, J.,
 Sweden, 107
 Gustav V, King of Sweden, 80, 81
- Hildebrand, H. R. T. E.,
 Svenska Statsförfatningens Historiska Utveckling, 65
 Hildebrand, K., 85
 Hobbs, A. O.,
 Guide to the Representation of the People Act, 236
 Hobson, P. S., 197
 Hodge, Rt. Hon. J., 260, 261
 Hodges, Frank, 190, 192, 508
 Workers' Control in the Coal Mining Industry, 190
 Hoerdum, C. I., 127, 409
 Holland, Francis, 212
 Holm, M., 127, 409
 Home Rule for Ireland, 166, 212, 249, 269
 Home-work,
 France, 354-7
 Norway, 356, 357
 Great Britain, 357-61, 365, 368, 369
 Committee, 1908, 358, 359
 Hornby v. Close, 301
 Horne, Sir Robert, 432, 433
 Houille blanche, 8, 491
 Housing, 40, 199, 200, 269, 335, 429
L'Humanité, 2, 30, 31, 41, 42, 61
 Administrative Council, 30
 Humphrey, A. W.,
 Labour Representation in England, 220, 246
 Hyder, J.,
 Profiteering in Land, 151
 Hyndham, Henry, 166-9,
 England for All, 166
 Höglund, Z., 88, 89, 184

H

- Haandbog for Socialdemokratiet*, 121
 Halévy, Daniel,
 Essais sur le mouvement ouvrier en France, 16, 17
 Halsbury, Earl of,
 The Laws of England, 316
 Hamilton, Count Hugo, 102
 Hansen, Arvid,
 Socialisering i Teori og Praksis, 120, 146
 Hardie, Keir, 173, 174, 203-5, 225, 238, 239, 246, 414
 The Independent Labour Party, 173
 Hedén, E., 88
 Hedlund, S. A., 375
 Henderson, Rt. Hon. Arthur, 178, 233, 252, 257-61, 338, 339, 358
 Hereford, Lord James of, 304
 Hervé, Gustave, 24

I

- Ideal associations (Sweden), 293, 294, 317
 Committee, Report, 1903, 294
 Illiterate workers,
 France, 5
 Russia, 279
 Immigration of alien workers, restrictions,
 France, 397, 398
 Act, 1893, 397, 398
 Decree, 1899, 397
 Great Britain, 414, 415
 Act, 1905, 415
 Independent Liberals, 271, 273
 Independent Socialists (France), 14-16, 17, 25
 Indirect taxation,
 France, 8
 Sweden, 73

INDEX

Norway, 113, 118
 Denmark, 137
 Great Britain, 172, 208
 Industrial Agreements Bill, 1912,
 340, 341
 Industrial combination,
 France, 5, 6
 Sweden, 67, 68
 Great Britain, 147, 160, 161, 206-8,
 337, 431, 432
 Industrial and Commercial Council
 (Norway), 455-7
 Industrial Conference, 1919, 363, 386,
 389, 470
 Report of Provisional Committee,
 1919, 363, 364, 386-9
 Labour Memorandum, 363, 386, 387
 Industrial Courts Act, 1919, 346, 348,
 350
 Industrial Democracy, 22, 52, 146,
 268, 284, XXV, 492
 France, 22, 52, 446-52, 473-5
 Sweden, 452-4, 473-5, 492
 Committee, 1920, 146, 284, 452,
 453, 473-5, 493
 Norway, 119, 454-9, 473-5
 Denmark, 146, 459, 460, 473-5
 Great Britain, 268, 460-75, see also
 Whitley Committee
 Industrial Disputes Investigation Act
 (Canada), 1907, 339
 Industrial distribution,
 France, 3, 4
 Sweden, 64, 65
 Norway, 110, 111
 Denmark, 126, 127
 Great Britain, 150-2, 157
 Industrial situation,
 France, 6, 10, 282, 283, 394, 395
 Sweden, 64, 68, 400, 401
 Norway, 110-12, 406, 500
 Denmark, 125, 126, 408
 Great Britain, 156-63, 275, 276,
 414, 461
The Industrial Syndicalist, 187
 Industrial Unionism, 186, 195
 Industrial Workers of the World, 186
 Industrialism, 64, 71, 147-9
 Insured trades, 425
 Inter-Scandinavian Conference of
 economic experts, 1920, 454
 Inter-Scandinavian Labour move-
 ment, X
 Congress of Social Democrats
 1886, 73, 141
 1897, 73, 142, 143
 1901, 98, 142
 1907, 129, 142, 143
 1912, 78, 143-5
 1920, 117, 118, 138, 145, 146

Congress of Revolutionary Social-
 ists, 1919, 146
 International Association for Preven-
 tion of Unemployment, 396
 International Conference of Revo-
 lutionary Socialists, 30, 184
 International Council of Trade and
 Industrial Unions of Moscow,
 61, 62
 International Federation of Trade
 Unions, 62, 216
 International Labour Bureau, Brus-
 sels, 25
International Labour Directory, The,
 94, 113, 127
 International Labour Office, Report
 1921, Series C. No. 5, 397-400
 International Labour Organization,
 Conference at Washington, 388,
 389, 439
International Labour Review, The,
 292, 293
 International Labour and Socialist
 Congresses,
 Paris, 1889, 371, 380
 London, 1896, 179, 180, 186, 275
 Paris, 1900, 24, 70, 127
 Amsterdam, 1904, 24
 Berne, 1919, 387
 Geneva, 1920, 176, 277, 280
 Moscow, 1920, 277
 International Trade Union Congress,
 Copenhagen, 1901, 142
 Irish Nationalist Group, 214, 248,
 249, 255, 258
 Irving, D., 169

J

Jaurès, Jean, 14, 16, 17, 29, 30, 50,
 59, 322
 Assassination of, 30
 Jeppesen, C., 122
 Joffrin, J., 13
 Joint Board, 216, 217, 227, 246, 250,
 251, 262, 263
 Joint Boards, 361, 460
 Joint Industrial Councils, 134, 335,
 336, 434, 451, 452, 455-9, 462-71,
 473-5
 Joint Industrial Organization, XXV
 France, 446-52, 473-5
 Sweden, 452-4, 473-5
 Norway, 454-9, 473-5
 Denmark, 459, 460, 473-5
 Great Britain, 460-75
 Joint Labour Committee on Labour
 Problems after the War, 428-31

LABOUR POLICY

- Joint Memorandum of the Minister of Labour and the Minister of Reconstruction, 1918, 466
- Joint-stock Companies Act (France), 1917, 450
- Jones, J., 169, 291
- Jonnart, Charles, 291
- Jouhaux, Léon, 57, 61, 325,
Le Syndicalism et la C.G.T.,
43, 48, 50, 289
La Houille blanche, 448
- Jourdain, Paul, 400
- Journal Officiel*, 398
- Justice*, 166, 168, 169, 184
- Järte, O., 454
- K**
- Kartells, 67, 160, 161
- Kautsky, Carl, 85
- Keufer, August, 384
- Kirkaldy, A. W.,
Labour, Finance and the War, 460
- Klausen, K. M., 128
- Knudsen, Christian, 123, 459
- Knudsen, Gunnar, 331
- L**
- Labour and the New Social Order*, 267, 268
- Labour Annual, The*, 174
- Labour's Call to the People*, 268, 269
- Labour Bureaux (London) Act, 1902, 415
- Labour Code (France), 354
- Labour Conferences,
on Labour Exchanges, 1908, 419, 420
on Unemployment, 1905, 414, 416
- Labour Congresses,
France
Marseilles, 1879, 12, 44
Le Havre, 1880, 12
Saint Etienne, 1882, 13
Paris, 1899, 16-19
- Norway
Christiania, 1880, 112
Trondhjem, 1882, 114
- Labour Councils Act (France), 1908, 322, 323, 355
- Labour Exchanges, 39, 45, 55, 71, 394-7, 400, 405, 408, 409, 412, 415, 416, 419-22, 424, 426-8, 437, 438
France, 39, 45, 55, 394-7, 400
Sweden, 71, 401-3
- Norway, 405
- Denmark, 408, 409, 412
- Great Britain, 415, 416, 419-22, 424, 426-8, 437, 438
- Labour Exchange of Nantes, 46
- Labour Exchange of Paris, 45
- Labour Exchanges Act, 1909, 419, 420
- Labour Gazette, The*, 193, 194, 330, 339, 347, 400, 411, 433-5, 439
- Labour Government, 84, 273
- Labour International Handbook, The*, 7
- Labour Leader, The*, 175, 261
- Labour Overseas*, 407, 488
- Labour Policy,
France, I-IV, XIX, 288-93, 316-19, 321-5, 349-52, 353-5, 368-70, 371-5, 388-90, 394-400, 438-43, 446-52, 485-91, 524-6
Sweden, V-VII, X, XIX, 293-7, 316-19, 325-30, 349-52, 375-9, 388-90, 400-5, 438-43, 452-4, 491-5, 524, 525
Norway, VIII, X, XIX, 297, 298, 316-19, 330-333, 349-52, 356, 357, 368-70, 379, 380, 388-90, 405-8, 438-43, 454-9, 495-501, 524, 525
Denmark, IX, X, XIX, 298-301, 316-19, 333-5, 349-52, 380, 381, 388-90, 408-13, 438-43, 459, 460, 502, 503, 524, 525
Great Britain, XI-XIX, 301-19, 335-52, 357-70, 381-90, 413-43, 460-75, 503-27
- Labour press, 18, 20, 31, 71, 72, 120, 129, 253, 254, 349
- France, 18, 20, 31
- Sweden, 71, 72
- Norway, 120
- Denmark, 129
- Great Britain, 71, 72, 253, 254, 349
- Labour representation, 14, 15, 23, 25, 31, 33, 34, 65, 66, 70, 75, 79-81, 83, 84, 114-17, 127-31, 135-7, 139, 140, XIV-XVIII, 279, 285, 286
- France, 14, 15, 23, 25, 31, 33, 34, 279, 285
- Sweden, 65, 66, 70, 75, 79-81, 83, 84, 139, 140, 285
- Norway, 114-17, 279, 285
- Denmark, 127-31, 135-7, 139, 140, 285
- Great Britain, XIV-XVIII, 285, 286
- Labour Representation Conference, 1899, 202-4
Feb, 1905, 216
May 1905, 216

INDEX

- Labour-saving machinery, 6, 8, 162, 276
Labour Year Book, 175, 189, 264, 469
 Lagardelle, Hubert, 43
 Lamb, E., 359
 Land problem, 40, 41, 84, 85, 119, 125, 138, 150-2, 166, 168, 172, 520, 521
 France, 40, 41
 Sweden, 84, 85
 Norway, 119
 Denmark, 125, 138
 Great Britain, 150-2, 166, 168, 172, 520, 521
 Lansdowne, Marquess of, 248, 312
 Landsorganisationen,
 Fackföreningsörelsen, 71, 72, 99, 100, see also
 Sweden, National Confederation of Trade Unions
 Landtmannapartiet, see Sweden, Agricultural Party
 Lansbury, George, 194, 423
 Larkin v. Belfast Harbour Commissioners 1908, 313
 Latin Labour movement, 14
 Laudier, Henri,
 Ce qu'est le Parti Socialiste, 37
 Lavaud, J. B., 24
 Law, Rt. Hon. A. Bonar, 259
 Law Le Chapelier, 5, 288
Law Times Reports, 206, 220, 223, 224, 302
 League of Nations, 51
 Report, 1919, on the Eight Hours Day, 388
 Report, 1919, on Unemployment, 395, 410, 415
 Lee, H. W., 170
 The Dictatorship of the Proletariat, 170
 Legal position of trade-unions, XX.
 France, 5, 288-93, 316-19
 Sweden, 96, 293-7, 316-19
 Norway, 297, 298, 316-19
 Denmark, 299-301, 316-19
 Great Britain, 301-19
 with regard to parliamentary action, XV
 Legal regulation of the hours of labour, XXIII
 France, 39, 47-9, 52, 371-5, 388-90
 Sweden, 71, 73, 375-9, 388-90
 Norway, 113, 379, 380, 388-90
 Denmark, 138, 139, 380, 381, 388-90
 Great Britain, 172, 214, 381-90, 429
Législation Ouvrière et Prévoyance Sociale en Suède, 64, 68, 112, 126, 154, 156
 Lenin, V. T. O., 184, 442
 Levy, M., 42
 Lian, Ole, 123, 459
 Liberalism, 140, 164, 233, 275, 288
 Licensing Bill, 1908, 247
 Liebe, Otto, 133-5
 Liebknecht, Karl, 178
 Lindley, Charles, 103
 Lindman, Arvid, 77, 79, 102, 453, 454
 Lindqvist, Herman, 82
 Lloyd George, Rt. Hon. David, 248, 259-62, 264, 270, 271, 362, 417, 427, 433, 434, 505, 508-10
 Local Employment Committees, 422, 431
 London Dockers' strike, 1889, 336
 Longuet, Jean, 41
 Loreburn, Earl, 309, 312, 313
 Lorient, M., 42
 Loubet, Emile, 322
 Louis, Paul, 29
 Histoire du Socialisme Français, 3, 12
 Histoire du Mouvement Syndical in France, 44, 47
 Love, M.,
 Program og Retningslinjer af det Norske Arbeiderparti, 119
 Lowell, A. Laurence,
 The Government of England, 244
 Luxemburg, Rosa, 178

M

- Macdonald, Alexander, 201
 Macdonald, James, 166
 Macdonald, Ramsay, 166, 179, 340, 341
 Macfarlain, F., 159
 MacLaine, W.,
 Trade Unionism at the Cross Roads, 185
 MacLean, Neil, 175
 MacNaghten, Lord, 222
 Macnamara, Rt. Hon. T. J., 435, 437
 Magna Charta, 231
 Malon, Benoît, 13
 Mann, Tom, 179, 186, 187, 194,
 What the I.L.P. is driving at, 171
 Marx, Eleanor, 166
 Marx, Karl, 12, 38, 39, 86, 166,
 Letter to the German Social Democratic Leaders, 39
 Marxian Socialism, 12, 13, 15, 17, 38-40, 55, 86, 126, 137, 165, 186, 195, 280-3
 Masterman, Rt. Hon. C. F. G., 245
 Materialism, 12, 86
Matin, Le, 62

LABOUR POLICY

May, Sir Thomas (Lord Farnborough)
Constitutional History of England,
 212, 250
 Mediaeval Guilds, 65
*Meddelelser fra det Statistiske Cen-
 tralbyrå*, 154
 Mellemrikslagen, 111
 Merrheim, A., 60, 184
 Milhaud, Edgard,
La Marche au Socialisme, 3
 Military criminal law (France), 26
 Military service, 23, 51, 88, 191, 269
 Militia system, 88
 Mills, F. C.,
*Contemporary Theories of Unem-
 ployment*, 421
 Millerand, Alexandre, 2, 14-17, 28,
 42, 56, 58, 322, 323, 330, 354, 446
 Millerandism, 42
 Miners' Eight Hour Bills, 382, 383
 Mines Regulation Act (France),
 1913, 371, 374, 375
 1919, 357
 Minimum-wage, XXII
 France, 353-5, 368-70
 Norway, 356, 357, 368-70
 Great Britain, 268, 357-70
 Minimum Wage Acts,
 France, 1915, 353-5, 447,
 Norway, Feb. 1918, 356, 357
 Aug. 1918, 356
 Mining Industry,
 France, 4, 8, 486-9, 526
 Great Britain, 191-4, 260, 503-13,
 525, 526
 Mining Industry Act, 1920, 470, 511,
 512
 Ministerialists, 25
 Ministry of Transport Bill, 1921, 518
 Molin, Adrian,
Lagen om Arbetstidens Begränsning,
 376
 Monis, Ernest, 29
 Monopolies, 53, 68, 111, 138, 431,
 492, 493, 515
 Montgomery, B. G. de,
Politique Financière d'Aujourd'hui,
 485
Monthly Labour Review, The, 345
Morning Post, The, 58, 61, 194, 435
 Morocco crisis, 27, 28
 Morris, William, 166
 Multi-member constituencies, 32, 33,
 78-80, 117
 Munitions of War Acts,
 1915, 344, 345
 1916, 344, 345
 1917, 341, 342, 345
 Myers, Tom, 175
 Månsson, Fabian, 85

N

Nation, The, 245
 National citizen force, 168
 National Conference on the Preven-
 tion of Destitution, 421
 National Guilds, 196-200, 469
 National Industrial Councils, 462,
 463, 465, 468
 National Insurance Acts,
 1911, 425-8
 1914, 426
 See also Unemployment
 Nationalisation étatiste, see étatisa-
 tion
 Nationalization of industries, 11, 14,
 20, 22, 25, 26, 38, 40, 41, 43,
 44, 48, 49, 52, 54, 56-60, 67,
 68, 84, 111, 118, 138, 141,
 143, 145, 146, 166, 167, 170,
 171, 178, 180, 183, 187, 190-2,
 195-200, 203, 210, 211, 268-70,
 XXVI
 General nationalization, 476-84
 Nationalization of special indus-
 tries, 482-5
 France, 11, 14, 20, 22, 25, 26, 38,
 40, 41, 43, 44, 48, 49, 52, 54, 56-60,
 485-91, 524-6
 Bill, 1920, 488, 489
 Sweden, 67, 68, 84, 141, 143, 145,
 146, 284, 285, 453, 491-5, 524,
 525
 Committee, 1920, 84, 284, 285,
 453, 493
 Norway, 111, 118, 119, 141, 143,
 145, 146, 495-501, 524, 525
 Commission, 1919, 501
 Denmark, 138, 141, 143, 145, 146,
 460, 502, 503, 524, 525
 Great Britain, 166, 167, 170, 171,
 178, 180, 183, 187, 190-2, 195-
 200, 203, 210, 211, 268-70, 503-27
 Bill, 507
 Bills, 1921, 1922, 521
 Nationalism,
 France, 7, 10, 30, 51
 Neergaard, Niels, 133
 Neville, Mr. Justice, 220
New Age, The, 197
 New Ministers and Secretaries Act,
 1916, 345
 Nihilists, 89
 Norsk Hydro, 501
 NORWAY,
 Agriculture, 110, 155, 405
 Arbeidernes Faglige Landsorganisa-
 tion, see National Confederation
 of Trade Unions

INDEX

- Bolshevism, 117, 120-4, 145, 146
281
Central Committee of Trade Unions
112, 113
Christiania, Printers' Union, 112
Collective agreements, 144, 297,
298, 317-19, 330-3, 349-52, 379,
380, 457
Communist Party, see Labour
Party
Concession Laws, 495-501
Conciliation and arbitration, 330-3,
349-52
Conservative Party, 116
Cotton Manufacturers' Federation,
408
Depression of trade, 406, 407
Distribution of land, 111
Distribution of wealth, 152, 153
Education, 119
Electoral reform, 115-17
Employers and employed, rela-
tions between, 121, 122, 144,
297, 298, 317-19, 330-3, 349-
52, 379, 380, 454-9, 473-5
Employment Exchanges, 405
General Association of Employers,
330, 331, 379, 459
General elections, 114-17
General Strike movement, 144,
283, 330, 331, 333, 379
Industrial Democracy, 454-9, 473-5
Industrial distribution, 110, 111
Industrial situation, 110-12, 406,
500
Labour Party, 113-24, 459, 497,
501
Executive Committee, 114, 123,
124
Programme, 113, 114, 118-20
Congress, 1887, 113
" 1891, 113
" 1911, 122
" 1919, 501
Labour policy, VIII, X, XIX, 298-
301, 316-19, 333-5, 349-52, 356,
357, 368-70, 379, 380, 388-90,
405-8, 438-43, 454-9, 495-501, 524
525
Labour press, 120
Labour representation, 114-17, 279,
285
Land problem, 119
Left Party, 114-16, 331, 497
Legal position of trade-unions,
297, 298, 316-19
Legal regulation of the hours of
labour, 113, 379, 380, 388-90
Minimum-wage, 356, 357, 368-70
National Conciliator, 332
National Confederation of Trade
Unions, 113, 114, 122, 123, 142,
174, 330, 331, 333, 379
Executive Committee, 113, 114,
330, 333
Representative Assembly, 330
National Wages Board, 379
Nationalization of industries, 111,
118, 119, 141, 143, 145, 146,
495-501
Norsk Hydro, 501
Odelsting, 298, 455
Outwork Board, 356, 357
Parliamentary reforms, 115-17
Permanent Arbitration Court, 298,
332
Property qualifications, 114, 115
Proportional Representation, 116,
117
Public relief-works, 407, 408
Radical Left Party, 114, 457
Samhold, 113
Social and economic conditions,
110-12, XIX
Social Democratic Federation, 113
Social Democratic Labour Party,
124
Social Department, 407, 455, 458,
543-8
Socialism, VIII, X, XIX
State ownership and control of
production, 111, 112, 118, 119,
483
Storthing, 114-17, 277, 298, 456
Syndicalism, 121, 122, 144, 279,
283
Taxation, 113, 118
Trade Boards, 356, 357
Unemployment, 405-8, 438, 439
Water-power establishments, 110,
111, 497-501
Working-class,
Mentality, 164, 276, 280-3
Standard of living, 112, 153-6
Young Socialist Federation, 121
Nya Dagligt Allehanda, 453
Nya Folkviljan, 87
Ny Tid (Norwegian), 120
Ny Tid (Swedish), 71
Nytt Juridiskt Arkiv, 295

O

- Observer, The* 472
Ogden, T. J., 236
Olin, Gustav,
Kollektivavtalet, 289
Oljelund, T., 88, 89
Orage, A. R., 197

LABOUR POLICY

Osborne, W. V., 220
 Osborne judgment, 218-32, 249, 254
 Oscar II., King of Sweden, 77
 von Otter, Baron F. W., 76
 Outwork, 345-7, 356, 357-9
 France, 345-7
 Norway, 356, 357
 Great Britain,
 Committee, Report 1908, 358,
 359. See also sweating
 Over-production, 101, 392, 440
 Overseas Trade Acts, 1920, 1921, 438
 Overtime-rate, 362, 369

P

Page, W.
 Commerce and Industry, 158
Pall Mall Gazette, *The*, 212
 Palm, August, 71
 Palmstierna, Baron, E. K., 81
 Panama scandal, 41
 Parker, James, 260, 270, 338
 Parliament Act, 1911, 248-50
 Parliamentary "bloc" (France), 29
 Parliamentary reforms,
 France, 11, 32, 33
 Sweden, 78-83
 Norway, 115-17
 Denmark, 129-31
 Great Britain, XVI, 247-50, see
 also electoral reforms
 Part time schemes, 408, 427, 429, 433,
 434, 437, 442, 443
 Paulton, J. M., 307
 Payment of Members of Parliament,
 166, 180, 207, 214, 226, 227,
 233, 234
 Peasant Councils (Norway), 119
 Pease, E. R., 179
 Conference on Labour Representa-
 tion, 202, 205
 Peers, creation of, 250
 Pelloutier, Fernand 46
 Penal Code (France), 1810, 288,
 289
 Penson, Sir Henry, 99, 102
 Penty, A. J.,
 The Restoration of the Guild System,
 197
 "Period of Liberty," 177
 Petite bourgeoisie, 1, 2, 8, 12, 14
Petite République, *La*, 14, 15
 Picard, Roger,
 Le Minimum légal de Salaire, 354
 Pickersgill, E. H., 419
 Picketing, 296, 297, 303, 304, 306-9,
 313

Pio, Louis, 126, 127
 Pirou, Gaëtan,
 The Theory of the Collective Labour
 Contract in France, 292, 293
 Pit Committees, 512
 Plant Committees, see Works Com-
 mittees
 Plural voting, 234
 Plutocratic representation, see pro-
 perty qualifications
 Political amnesty, 39, 51, 61, 134
Politiken, 87, 89
 Poor Law Commission,
 Majority Report, 1909, 420, 422,
 423
 Minority Report, 1909, 419, 420,
 422-4
Populaire, *Le*, 31, 41
 Possibilists, 13, 15, 17
 Prevention of Fraud in Industry Act,
 1701, 335
 Prices, function of, 440, 447, 478
 Profit-sharing, and co-partnership,
 450, 471, 472, 474, 475
 Professional Syndicates Acts (France),
 1864, 5, 288,
 1884, 5, 44, 45, 289, 291, 316,
 321
 1920, 290-2
 Progressive taxes, 26, 40, 71, 73,
 113, 118, 138, 173, 268
 France, 26, 40
 Sweden, 71, 73
 Norway, 113, 118
 Denmark, 138
 Great Britain, 173, 268
 Prohibition, 103, 118
 Property qualifications, 65, 66,
 76-82, 114, 115, 127, 129, 213,
 236-8
 Sweden, 65, 66, 76-82
 Norway, 114, 115
 Denmark, 127, 129
 Great Britain, 213, 236-8
 Proportional Representation, 32, 34,
 39, 77, 78, 116, 117, 130, 166,
 240-2
 France, 32, 34, 39
 Sweden, 77, 78
 Norway, 116, 117
 Denmark, 130, 131
 Great Britain, 166, 240-2
 Protection, 160-3, 213, 375
 Public relief-works, 393, 394, 404,
 407-9
 Sweden, 404
 Norway, 407, 408
 Denmark, 409, 412, 413
 Great Britain, 416-18, 423, 428-30,
 434, 438-41

INDEX

Q

- Quantitative theory of labour, 149
- Quasy-arbitration, 320, 350, 351
- Quelch, Harry, 166, 237
- Quelch, Tom, 207

R

- Rabenius, L. P. I., 454
- Railways Acts
 - France, 1921, 490
 - Great Britain, 1921, 470, 518, 519
- Railways,
 - France, 26, 397, 489, 490
 - Sweden, 67, 283, 490, 492, 493, 514
 - Great Britain, 172, 260, 483, 514-20
- Ramussen, M.,
 - Haandbog for Socialdemokratiet*, 128, 409
- Réau, R. G.,
 - Les Nouvelles Lois Electorales*, 32
- Reconstruction Committee, 461
- Reconstruction policy,
 - France, 8-10, 40, 51-3, 373, 397, 449-52
 - Great Britain, 162, 163, 449, 460-75, 508
- Recruiting campaign, 175
- Redevance, 4, 486
- Referendum, 39, 129, 137, 168, 170, 180
- Reform Socialists, 14, 15, 21, 25, 26, 29, 42, 322
- Reform Syndicalists, 47-49
- Reformer's Year Book*, 212
- Regional Employment Exchanges (France), 396, 397
- Registration of electors, 233, 234
- Registration of trade-unions, 218, 219, 228, 289, 294, 316
- Relief Works Act, 1920, 534
- Relief Works Committee, 534
- Renard, Georges,
 - Syndicats, Trade Unions et Corporations*, 44
 - Le Socialisme à l'œuvre*, 322
- Renaudel, Pierre, 24, 41
- Rent of ability, 182
- Representation of the People Acts, 1832, 201, 235
 - 1867-8, 201
 - 1884-5, 201
 - 1918, 234-6, 239, 265
- Bills,
 - 1870, 236
 - 1904, 236, 237
 - 1905, 237
 - 1910, 237, 238
 - 1911, 233, 234, 240
 - 1920, 239, 240

Restoration of Pre-War Practices Act, 1919, 348, 349

- Revelin, M., 24
- Revingelinjen, 295
- Revolutionary Socialism, 14, 15, 21, 25, 26, 33, 42, 86-90, 117, 120-4, 139, 144-6, 182, 194-6, 277-9
- Revolutionary Syndicalism, 47-9, 61-3, 90, 91, 121, 122, 139, 144, 145, 194-6
- Revue Communiste*, 42
- Revue Socialiste*, 13
- Rhondda, Viscount, 261
- Rickards, v Bartram, 314, 315
- Ritchie, Rt. Hon., R. T., 304
- Ritsau's telegraph office, 132
- Roberts, Rt. Hon. G. H., 257, 260, 261, 270
- Robinson, W. C., 271
- Robson, Sir W., 226
- Roche, Jules, 291
- Rogstad, N. V., 110, 111, 500
- Ronaldson, J. H., 159
- Russel, Bertrand,
 - Roads to Freedom*, 198
- Russia, 6, 41, 61, 139, 260, 261, 268, 269, 277-9, 286, 287, 459
 - Education, 279
 - Intervention in, 191, 269
 - Nationalization, 476, 477
 - Constitution of Soviet Republic, 277-9
- Revolution, 1917, 277, 279
 - Private property, 286, 287
 - Committee to collect information on Russia, Report, 1921, 278, 279, 287
- Rydén, A. K., 376
- Rydén, Värner, 81

S

- St. Davids, Viscount, 434
- Saint-Mandé Programme, 15
- Sankey, Hon. Sir John, 191, 504-8, 510
- Sankey Commission, see Coal Industry Commission
- Scale of 40 grades, 78-83
- Scientific Management, 7, 9, 162, 276, 373, 449, 474
- Schröder, C. G., 86
- Scott, J. W.,
 - Syndicalism and Philosophical Realism*, 188
- Scrutin d'arrondissement, 32
- Scrutin de liste, 32
- Second Ballot, 32, 33, 115, 116, 180, 181, 240-2

LABOUR POLICY

- Second International, 275-80
 Sembat, M., 30
 Severn tides, utilization of, 522
 Shackleton, Sir D. J., 221, 224, 226, 238, 306, 308, 414, 415
 Shallard, S. D.,
 Has Liberalism a Future?, 246
 Shaw, Lord, 220, 223
 Shaw, Bernard, 179, 181
 Shop Acts, 1912, and 1913, 383
 Shop Councils, 119, 146, 455, 456
 Shop Steward movement 92, 196, 198
 Single Chamber system, 34, 39, 85, 136, 250
 Single-member constituencies, 32, 77, 115, 241-3
 Single-voting system, 234
 Slessor, H. H., 504
 Small proprietors' class,
 Socialist attitude,
 France, 40, 41
 Sweden, 40
 Norway, 111
 Communist attitude,
 France, 42
 Norway, 125, 126
 Smillie, Robert, 508
 Smith, Herbert, 508
 Snell, Sir John, 523
 Snowden, Philip, 261, 271
 Social Democrats, 113, 120-2
 Social and economic conditions,
 France, I, XIX
 Sweden, V, XIX
 Norway, 110-12, XIX
 Denmark, 125, 126, XIX
 Great Britain, XI, XIX
 Social insurance, 39, 53, 73, 86, 118, 138, 398, 399, 402-8, 411-13, 425-37
 Sociala Meddelanden, 9, 154, 200, 330, 402-4, 407, 408, 412
 Socialdemokraten, 71, 122, 494
 Socialism, II, III, 43, 44, 48-50, 52, 53, 60, VI, 98, 99, 101, VIII, IX, X, XII, 194-200, 206-11, 255, 256, XIX
 France, II, III, 43, 44, 48-50, 52, 53, 60, XIX
 Sweden, VI, 98, 99, 101, 113, X, XIX
 Norway, VIII, X, XIX
 Denmark, IX, X, XIX
 Great Britain, XII, 194-200, 206-11, 255, 256, XIX
 Socialist, *The*, 196
 Socialist press,
 France, 18, 20, 31
 Sweden, 71, 72
 Norway, 120
 Denmark, 129
 Great Britain, 175, 253, 254
 Socialist Review, *The*, 126
 Socialisten, 126
 Socialization, see nationalization
 Soldiers' war-councils (France), 26
 Soldiers' Year Book (France), 51
 Solidarity, 196
 Sommarin, Emil,
 Ekonomilära, 68
 Syndikalismen, 88
 Sous-sol, 4, 486, 525
 Soviet Government, 69, 123, 170, 176-8, 278, 279, 454
 Special Arbitration Tribunals, 346
 Spoor, Benjamin, 175
 Staaff, Karl, 77, 79, 81
 Stamp, J.,
 British Incomes and Property, 148, 152
 Standard of living, see working-class
 Star, *The*, 511
 State-employees, combination of, 52, 61, 291, 292
 State-enterprise as compared with private enterprise, 483-5
 State-ownership and control of production, 4, 26, 40, 52, 53, 66, 73, 84-7, 111, 112, 118, 119, 125, 128, 260, 262, 268, 428-32, 483, 486, 489-91, 495-502
 France, 4, 26, 40, 52, 53, 486, 489-91
 Sweden, 66, 73, 84-7, 483, 491, 495
 Norway, 111, 112, 118, 119, 483, 495-501
 Denmark, 125, 128, 483, 502
 Great Britain, 260, 262, 268, 428-32, 523, 524
 Statistisk Aarbog for Danmark, 125, 126, 131, 153, 154
 Statistisk Aarbok for Norge, 110-12, 154
 Statistisk Årsbok för Sverige, 66-68, 152, 154
 Stauning, T. A. M., 132, 134
 Steel, v. South Wales Miners, 220
 Steffen, Gustaf,
 Socialiseringsfrågan, etc., 148, 153, 158, 159
 Ur Englands Samhällsliv, etc., 150
 Studien zur Geschichte der Englischen Lohnarbeiter, 151
 Stormklockan, 87, 89
 Sundbärg, Gustaf,
 Sveriges Land och Folk, 65
 Surplus wealth, 268
 Svaret, 103
 Svenska Dagbladet, 404, 405, 453, 494
 Sveriges Officiella Statistik, *Folk-räkningen*, 34

INDEX

Sweating, 85, 357-61, 365, 368, 369,
Committee, Report, 1890, 358.
Bills, 1907, 358

SWEDEN

Agricultural Party, 65
Agriculture, 64, 65, 155, 401
Amalgamated Association of Iron
and Metal Workers, 74, 93
Andra Kammaren see Second
Chamber of the Diet
Association of Farmers, 96
Association of Shipowners, 96
Association of Young Social Demo-
crates, 90
Board of Trade, 327, 402
Report on General Strike, 95
97, 101, 102, 104-6, 108
Board of Waterfalls, 68, 495
Bolshevism, 69, 89, 90, 145, 146
Central Committee of Trade Unions,
70, 71
Central Federation of Employers,
95, 96
Central Federation of the Workmen
of Sweden, 90, 94
Collective agreements, 96, 97,
293-6, 317-19, 325, 326, 328,
350-2
Communist Party, 84, 89, 90, 494
Concession Laws, 495
Conciliation and arbitration, 325-
30, 349-52
Conservative Party, 76, 77, 79-84,
285
Depression of trade, 100, 403
Diet, 65, 76-84
Distribution of land, 66, 67
Distribution of wealth, 66, 152, 153
Education, 73
Electoral reform, 78-80, 82, 83
Electrical Works Association, 95
Employers and employed, relations
between, 96, 97, 293-6, 317-19,
325, 326, 328, 350-2, 452-4, 473-5
Employment Exchanges, 71, 401-3
Farmers' Party, 80, 83, 84, 285
Federation of Compositors, 103
First Chamber of the Diet, 76-83
Första Kammaren, see preceding
word
General Association of Employers,
95, 96, 100-9, 327, 329, 454
General elections, 9, 79, 80, 84, 493
General Strike movement, 76, 79,
82, 91, VII
Högsta Domstolen, 294-6
Industrial combination, 67-68
Industrial Democracy, 452-4, 473-5,
492

Industrial distribution, 64, 65
Industrial situation, 64, 68, 400, 401
Labour policy, V-VII, X, XIX,
293-7, 316-19, 325-30, 349-52,
375-9, 388-90, 400-5, 438-43,
452-4, 491-5, 524, 525
Labour press, 71, 72
Labour representation, 65, 66, 70,
75, 79-81, 83, 84, 139, 140, 285
Landsorganisationen, see National
Confederation of Trade Unions
Landtmannapartiet, see Agricul-
tural Party
Land problem, 84, 85
Left Social Democratic Party, 80,
83, 84, 87, 89, 90, 494
Congress, 1921, 89
Legal position of trade-unions, 96,
293-7, 316-19
Legal regulation of the hours of
labour, 71, 73, 375-9, 388-90
Liberal Party, 65, 76, 77, 79-84,
285
Mechanical Works Association, 95-
7, 378
Ministry of Justice, 297
Ministry of Social Affairs, 540-2
National Bank, 67
National Confederation of Trade
Unions, 73, 75, 84, 88, 90, 100-9,
142, 174, 295, 297, 327-329, 404,
405
Organization, 92-4
Executive Committee, 88, 94,
103
Representative Assembly, 94,
103
Membership, 74, 84, 94, 107
Fackföreningsrörelsen, 71, 72, 99,
100
Nationalization of industries, 67,
68, 84, 141, 143, 145, 146, 284,
285, 453, 491-5
Parliamentary reforms, 78-83
Peasant Estate in the Diet, 65
Permanent Arbitration Board, 328,
329
Property qualifications, 65, 66, 76-
82
Proportional Representation, 77-78
Public relief-works, 404
Social Board, 327-329, 402
*Report on Public Employment
Offices*, 401
Report on Trade Disputes, 96
Social and economic conditions, V,
XIX
Social Democratic Labour Party,
40, 72-90, 98, 99, 101, 113, 281,
296, 375, 376, 494

LABOUR POLICY

- Administrative Committee, 79, 80, 88
 Executive Committee, 75, 76, 79, 88, 89, 101
 Parliamentary Group, 79, 376
 Programme, 73, 84-7, 492
 Congress, 1887, 72
 " 1889, 72, 86
 " 1891, 98
 " 1897, 73
 " 1900, 74
 " 1908, 86
 " 1911, 85
 " 1914, 88
 " 1917, 89
 " 1920, 492
 Socialist Government, 84, 284, 285, 452, 493
 Socialist Liberal Coalition Government, 81-3, 376
 Socialism, VI, 98, 99, 101, 113, XI, XIX
 State Church, proposed disestablishment, 73
 State-ownership and control of production, 66, 73, 84-7, 483
 Svea Hovrätt, 295, 296
 Syndicalism, 69, 90, 91
 Taxation, 65, 71, 73
 Unemployment, 400-5, 438, 439
 see also Unemployment in general Index
 Water-power establishments, 67, 495
 Working-class,
 Mentality, 69, 164, 276, 280-3
 Standard of living, 68, 69, 153-6
 Workmen's Federation, 94, 104
 Sympathetic strikes, 97, 144, 295, 296
 Syndicalism, 11, 12, 35, IV, 69, 90, 91, 121, 122, 139, 144, 179, 182, XIII, 233, 279, 283, 321, 468
 France, 11, 12, 35, IV, 91, 186, 187, 233, 279, 283, 321
 Sweden, 69, 90, 91
 Norway, 121, 122, 144, 279, 283
 Denmark, 139
 Great Britain, 179, 182, XIII, 468
Syndicalist, The, 187, 197
Syndikalisten, 90
- T**
- Taff Vale decision, 205-8, 218, 232, 245, 296, 301-6, 313, 316, 337, 338
 Tawney, R. H., 508
 Taxation, 8, 22, 26, 40, 53, 65, 71, 73, 113, 118, 138, 173, 268
- France, 8, 22, 26, 40, 53
 Sweden, 65, 71, 73
 Norway, 113, 118
 Denmark, 138
 Great Britain, 173, 268
 Taylor, G. R. S., 179, 197, 199
 Guild Politics, 199
 Taylor, J. W., 212, 226
 Taylorism, 449
 Tchitcherin, see Chicherin
 Ten Hours Acts (France)
 1900, 1902, 371
 1913, 371, 372
 Decree, 1909, 371
 Third International, 41, 42, 60-62, 117, 124, 177, 178, 184, 185, 196, 276-80
 Executive Committee, 178
 Tholin, E. C., 103
 Thomas, Albert, 29, 30
 La Politique Socialiste, 29
 Thomas, Rt. Hon. J. H., 192, 514
 Thompson, B.,
 Le Système Taylor, 449
 Thorpe, W. H., 169
 Thrane, Marcus, 112
 Thraniter movement, 112
Tiden, 71
Tidens Tegn, 459
 Tillett, Benjamin, 338
Times, The, 192, 253, 341, 437
Times Trade Supplement, The, 442
 Tissier, Albert,
 L'Application des Lois sur le Minimum de Salaire, 355
 Les Actions en Justice sur le Minimum de Salaire, 355
 Toulmin, G., 358
 Towler, W. G.,
 The Nationalization of British Industries, 514
 Trade Boards,
 France, see Councils of Labour
 Norway, 356, 357
 Great Britain, 336, 360-8, 383, 384, 465, 466
 Act, 1909, 359-68, 383, 384, 466
 1918, 362-7, 383, 384, 465, 466
 Committee, Report, 1922, 364-9
 Trade Disputes Act,
 1906, 245, 301, 312-16, 350, 469
 Bills, 1902-6 (Labour), 306-11
 1906 (Government), 310-12
 Commission, 306, 307
 Report, 1906, 309, 310
 Trade Facilities Act, 1921, 438
 Trade Union Acts,
 1871, 207, 218, 301, 314-16, 350
 1876, 218, 228, 350

INDEX

1913, 228-32, 254, 350
 Bills, 1911, 227
 1912, 227, 228
 Trade Unionism, 54, 55, 90-96, 121,
 122, 141, 164, 165, 188-194, 269,
 270, 281-3, 394, 464, 469, 471,
 472
 Tranmæl, Martin, 122, 123, 142, 143
 Transferable vote, see alternative
 vote
 Transport Committee Report, 1918,
 515
 Treasury Agreement, 1918, 343
 Treaty of Peace Act, 1919, 348
 Triple Industrial Alliance, 188-193
 Truck legislation, 213
 Trusts, 5, 6, 67, 68, 146, 160, 161, 206,
 208, 337, 493
 Twelve Hours Act (France), 1848, 371

U

Undén, Östen, 81
 Kollektivavtalet, 294
 Under-employment, 424, 425
 Unemployment, 147, 149, 157, 162,
 200, 213, 374, 389, XXIV
 Problem of, 391-4, 440-3
 Seasonal unemployment, 200, 392,
 394, 400, 401, 405, 408, 438
 Cyclical unemployment, 392, 394,
 395, 401, 408, 414, 438
 France, 394-400, 438, 439
 Central Employment Exchange,
 396
 Central Employment Office, 396
 National Agricultural Labour
 Office, 396
 National Unemployment Fund,
 399
 Permanent Committee, Report,
 1920, 322, 323
 Unemployment Insurance Com-
 mission, 398
 Act, 1905, 398
 Decrees, 1905, 398
 1914, 396, 399
 1915, 399
 1919, 399
 1920, 396
 Sweden, 400-5, 438, 439
 Commission, 402, 404
 Act, 1906, 401, 402
 Decrees, 1732, 401
 1884, 401
 1914, 402
 1920, 403, 404
 Royal Circular, 1914, 402
 Norway, 405-8, 438, 439
 Acts, 1906, 1908, 405
 1915, 1918, 405, 406
 Decree, 1907, 405
 Denmark, 408-13, 438, 439
 Central Assembly of Unemploy-
 ment Societies, 410
 Central Employment Office, 408
 Inspector of Unemployment, 410
 Acts, 1907, 409, 410
 1913, 408, 409
 1914, 409-11
 1918, 411, 412
 1920, 412
 1921, 412, 413
 Great Britain, 275, 276, 413-43,
 Unemployed Workmen Act,
 1905, 418, 421-4
 Labour Exchanges Act, 1909,
 419-21
 Unemployment Insurance Acts,
 1911, 425-8
 1914, 425, 426,
 1920, 432, 433, 435
 1st Act, 1921, 435
 2nd Act, 1921, 435, 436
 1922, 436, 437
 Unemployed Workers' De-
 pendants Act, 1921, 436
 Unemployed Workmen Bill,
 1905, 415-18, 1907, 418
 Proclamation by the Minister
 of Munitions, 1918, 430
 Statutory Rules, 1905, 424,
 425, ; 1910, 421
 Unghinkar, 87
 Union between Sweden and Norway,
 111, 114
 Unity, 470
 Universal suffrage, 11, 22, 40, 44, 71,
 73, 76-83, 113, 114, 123, 127,
 166, 167, 181, 207, 214, 233,
 234, 236-240, 445

V

Vacher v. London Society of Com-
 positors, 1913, 315
 Vaillant, Edouard, 14, 16, 43, 354, 372
 Verfeuil, Raoul,
 Les Syndicats de Fonctionnaires, 291
 Victoria, Queen of England, 239
 Viviani, René, 14, 26, 28, 30
Voix du Peuple, La, 48, 55, 57
Vort Arbeide, 112, 113

LABOUR POLICY

W

Wages,
 France, 9
 Sweden, 68-69, 153-156,
 Norway, 112, 153-156
 Denmark, 126, 153-156
 Great Britain, 153-156
 Wages Boards, 358-60, see also Trade
 Boards
 Wages Boards Bill, 1907, 358
 Wages Committees (France), 355
 Wages Temporary Regulation Act,
 1918, 345, 346, 348, 363
 Wakefield, H. R., 423
 Waldeck-Rousseau, M., 15, 28, 289,
 322
 Wallas, Graham, 179
 War Emergency Workers' National
 Committee, 428
 Wardle, G. J., 260, 261, 270
 Water Acts,
 Sweden, 1918, 495
 Norway, 1906, and 1907, 496
 Water-power establishments,
 France, 8, 9, 490, 491
 Sweden, 67, 495
 Norway, 110, 111, 497, 501
 Great Britain, 521-5
 Water Power Resources Committee,
 Report, 1921, 522, 523, 525
 Webb, Beatrice, 179, 423
 Webb, Sidney, 85, 179, 190, 508
 Webb, B. and S.,
 History of Trade Unionism, 187,
 190, 191, 232, 267, 303, 307,
 315, 471, 472, 509
 *A Constitution for the Socialist
 Commonwealth of Great Britain*,
 183
 Webb, Simeon, 219, 220
 Wedgewood, Josiah, 175
 Wells, H. G., 179
 Whitaker's Almanack, 154, 158, 241
 Whiting, A.,
 The Use and Abuse of the Strike,
 171
 Whitley, Rt. Hon. J. H., 462
 Whitley Committee, 345, 449, 461-9
 Report on Industrial Councils,
 462-4
 Report on Works Committees, 464,
 465
 Second Report on Industrial Coun-
 cils, 465
 Report on Conciliation and Arbitra-
 tion, 345, 346, 466
 Final Report, 466
 Whitley Councils, see Joint Industrial
 Councils

Whittaker, Rt. Hon. Sir P. T.,
 307-9, 358
 Williams, E. E.,
 Made in Germany, 160
 Williams, J. B., 269, 270
 Willm, A., 24
 Wilson, J. H., 439
 Wilson, P. W., 418
 Wilson, Woodrow, 51
 Women's Enfranchisement Bills,
 1870, 236
 1904, 236-237
 1905, 237
 1910, 237, 238
 1911, 233, 234, 240
 1920, 239, 240
 Women's suffrage, 34, 40, 77-83,
 115, 123, 130, 131, 213, 236-
 240, 269
 Worker, The, 196
 Workers Councils, 195
 Workers' Dreadnought, The, 196
 Workers' Political Programme, 1890,
 180
 Working-class,
 General outlook and mentality, 6,
 7, 69, 150, 161, 162, 164, 276,
 280-3, 400
 France, 6, 7, 69, 276, 280-3, 400
 Sweden, 69, 164, 276, 280-3
 Norway, 164, 276, 280-3
 Denmark, 164, 276, 280-3
 Great Britain, 150, 161, 162, 164,
 276, 280-3
 Standard of living, 9, 68, 69, 112,
 126, 153-6, 274, 275
 France, 9
 Sweden, 68, 69, 153-6
 Norway, 112, 153-6
 Denmark, 126, 153-6
 Great Britain, 153-6
 Working-time, see legal regulation
 of the hours of labour
 Workmen's compensation, 213
 Works Committees, 119, 195, 455,
 458, 459, 464, 465, 468, 469
 Works Committees Act (Norway),
 1920, 458, 459
 World revolution, 118, 277

Y

Yard Committees, see Works Com-
 mittees
 Yellow syndicates, 58, 59, 447
 Yorkshire strike, 505, 510
 Young Socialist movement,
 Sweden, 86-90, 100
 Secret Congress, 1916, 88
 Norway, 121, 122

INDEX

Z

Zahle, C. T., 132, 133
Zimmerwald, Conference, 30, 184

A

Åkarpslagen (Sweden), 296, 297



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